

# *OVERSTRAND MUNICIPALITY*



## **DRAFT BUDGET REPORT**

### **2014/2015**

**2014/15 TO 2016/17  
MEDIUM TERM REVENUE AND EXPENDITURE  
FORECASTS**

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## Abbreviations and Acronyms

BSC	Budget Steering Committee	MEC	Member of the Executive Committee
CAPEX	Capital Budget/Expenditure	MFMA	Municipal Finance Management Act
CBD	Central Business District	MIG	Municipal Infrastructure Grant
CFO	Chief Financial Officer	MM	Municipal Manager
CPI	Consumer Price Index	MMC	Member of Mayoral Committee
DBSA	Development Bank of South Africa	MPRA	Municipal Properties Rates Act
DoRA	Division of Revenue Act	MSA	Municipal Systems Act
DWA	Department of Water Affairs	MTEF	Medium-term Expenditure Framework
EE	Employment Equity	MTREF	Medium-term Revenue and Expenditure Framework
EEDSM	Energy Efficiency Demand Side Management	NERSA	National Electricity Regulator South Africa
EM	Executive Mayor	NGO	Non-Governmental organisations
FBS	Free basic services	NKPIs	National Key Performance Indicators
GAMAP	Generally Accepted Municipal Accounting Practice	NT	National Treasury
GDP	Gross domestic product	OHS	Occupational Health and Safety
GFS	Government Financial Statistics	OP	Operational Plan
GRAP	General Recognised Accounting Practice	OPEX	Operating Budget/Expenditure
HR	Human Resources	OMAF	Overstrand Municipal Advisory Forum
IDP	Integrated Development Plan	PBO	Public Benefit Organisations
ICT	Information & Communication Technology	PMS	Performance Management System
kℓ	kilolitre	PPE	Property Plant and Equipment
km	kilometre	PPP	Public Private Partnership
KPA	Key Performance Area	PT	Provincial Treasury
KPI	Key Performance Indicator	RG	Restructuring Grant
kWh	kilowatt	SALGA	South African Local Government Association
ℓ	litre	SDBIP	Service Delivery & Budget Implementation Plan
LED	Local Economic Development	SMME	Small Micro and Medium Enterprises

# Part 1 – Annual Budget

## 1.1 Mayor's Report

The Executive Mayor delivers her Budget speech with the tabling of the final budget for approval. A copy of the speech will be included thereafter.

The draft revised IDP and SDBIP will also be tabled during the Council meeting.

## 1.2 Draft Council Resolution

The following is the resolution that will be considered for the approval and adoption of the annual budget for 2014/2015:

### RECOMMENDATION TO THE COUNCIL:

1. that in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) the annual budget of the Overstrand Municipality for the 2014/15 to 2016/17 MTREF (Medium Term Revenue and Expenditure Framework) period **be approved and adopted** as set out in the following schedules:

<b>Schedule 1:</b>	Budgeted financial performance (revenue & expenditure by municipal vote)
<b>Schedule 2:</b>	Budgeted financial performance (revenue by source & expenditure by type)
<b>Schedule 3:</b>	Budgeted multi-year capital appropriations by standard classification (vote) and associated funding by source
<b>Schedule 4:</b>	Budgeted financial position
<b>Schedule 5:</b>	Budgeted cash flow

2. that in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) the property rates reflected in **Annexure A, be imposed** for the budget year 2014/15;
3. that in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) tariffs and charges reflected in **Annexure A, be approved** for the budget year 2014/15;
4. that Council notes the following schedules:

<b>Schedule 6:</b>	Budgeted financial performance (revenue & expenditure by standard classification)
<b>Schedule 7:</b>	Budgeted capital expenditure by municipal vote
<b>Schedule 8:</b>	Cash backed reserves and accumulated surplus reconciliation
<b>Schedule 9:</b>	Asset management
<b>Schedule 10:</b>	Basic service delivery measurement

5. that Council **takes cognisance** of the letters of comment received from the public, and
6. that Council **takes cognisance** of the 2014/2015 Budget Report.

Council will not approve external loan funding with this budget as this has been secured with the three year external loan funding agreement that was approved at the council meeting held on 24 April 2013.

### **1.3 Executive Summary**

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainable, economically and equitably to all communities.

The Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditure on non-core and 'nice to have' items.

The Municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government. Encouragement of structured community participation in the matters of the municipality is now a strategic objective.

National Treasury's MFMA Circular No. 70 was used as guidance for the compilation of the 2014/15 MTREF.

The main challenges experienced during the compilation of the 2014/15 MTREF can be summarised as follows:

- The on-going difficulties in the national and local economy;
- Ever aging water, roads, sewage and electricity infrastructure;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities of the municipality;
- The increased cost of bulk electricity (due to tariff increases by Eskom in excess of inflation), which is placing upward pressure on service tariffs to residents. Continuous high bulk tariff increases are not sustainable, as there will be point where services will no longer be affordable;
- Revenue recovery from cost reflective core municipal services;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
- Affordability of capital projects – original allocations had to be reduced and the operational expenditure associated with prior year's capital investments needed to be factored into the budget as part of the 2014/15 MTREF process; and
- Maintaining a positive cash flow.

The following budget principles and guidelines directly informed the compilation of the 2014/15 MTREF:

- The 2013/2014 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget informed the upper limits for the new baselines for the 2014/15 annual budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and any backlog eradication goals;
- Tariffs and property rates increases should aim to be affordable. The rate of increases in property rates has lagged in the past years and therefore had to be adjusted;
- Some price increases in the input costs of services are beyond the control of the municipality, for instance the cost of bulk electricity, fuel and chemicals. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure maintenance and backlogs;

- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;
- The mayoral committee introduced cost saving measures relating to:
  - Grants-in-aid to organisations;
  - Events and tourism;
  - Ward projects allocations;
  - Baboon monitors

In view of the aforementioned, the following table is a consolidated overview of the proposed 2014/15 Medium-term Revenue and Expenditure Framework:

**Table 1 Consolidated Overview of the 2014/15 MTREF**

	Budget Year 2013/14	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17			
Revenue	743 363	785 691	855 339	911 867	5.69%	8.86%	6.61%
Expenditure	828 389	869 426	953 780	1 015 458	4.95%	9.70%	6.47%
Surplus / (Deficit)	(85 026)	(83 736)	(98 441)	(103 591)			
Capital	126 482	92 972	86 162	81 218	-26.49%	-7.33%	-5.74%

Total revenue has grown by 5,69 per cent for the 2014/15 financial year when compared to the 2013/2014 Adjustments Budget. For the two outer years, operational revenue will increase by 8,86 and 6,61 per cent respectively. The higher increase for 2015/16 is informed by housing top structures amounting to R10,7m.

Total operating expenditure for the 2014/15 financial year has been appropriated at R869m and translates into a budgeted deficit of R83,7m. When compared to the 2013/2014 Adjustments Budget, operating expenditure has grown by 4,95 per cent in the 2014/15 budget and by 9,7 and 6,47 per cent for each of the respective outer years of the MTREF. The higher increase for 2015/16 is informed by housing top structures amounting to R10,7m.

It should be noted that although the 2014/2015 operational budget and indicative years indicate budgeted deficits, this does not reflect the actual cash position. These circumstances arose as the result of the implementation of GRAP, with special reference to GRAP 17 (Property, Plant and Equipment-PPE). The asset value before depreciation is in excess of R5,7 billion, which relates to substantially high depreciation charges. Although accurately reflecting asset value, the cost of a substantial portion of these assets had been fully redeemed previously, but the useful life of assets were extended as well as ever increasing assets funded by grants. The replacement thereof can thus not be recouped via current tariffs as this would lead to taxation in advance of need and no reserves may be established for these purposes. The principle of recovering actual cash costs during each financial period is adhered to.

The capital budget of R93m for 2014/15 is 26,5 per cent less when compared to the 2013/2014 Adjustments Budget. The reduction is due to the available resources to fund the capital budget. The capital programme decreases to R86m and R81m in the outer years, notwithstanding that an estimated R100m is required annually to sustain capital infrastructure. A substantial portion of the capital budget (54%) will be funded from borrowing over the MTREF with anticipated borrowings of R130m. The balance will be funded from internally generated funds, a finance lease of R6,7m and capital grants. Note that the Municipality has reached its prudential borrowing limits and as a result there is little scope to substantially increase these borrowing levels over the medium-term. The repayment of capital and interest (debt services costs) has increased over the past five years as a result of the aggressive capital infrastructure programme implemented over the past five years.

The repayment of capital and interest (debt services costs) is still within acceptable norms. Consequently, the capital budget remains relatively flat over the medium-term.

## 1.4 Operating Revenue Framework

For Overstrand to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of the municipality. The reality is that we are faced with an increasing population (7<sup>th</sup> highest growth nationally as per the 2011 census), development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to ensure levels above 95 per cent annual collection rates for property rates and other key service charges (current collection level is in excess of 99%);
- Electricity tariff increases for Eskom and the municipality, as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increased pressure to deliver and maintain services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.

The following table is a summary of the 2014/15 MTREF (classified by main revenue source):

**Table 2 Summary of revenue classified by main revenue source**

Description R thousand	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Revenue By Source</b>									
Property rates	128 737	108 913	116 321	126 921	126 921	126 921	148 640	158 025	165 498
Property rates - penalties & collection charges	853	925	914	1 000	1 000	1 000	1 050	1 103	1 158
Service charges - electricity revenue	183 552	224 950	247 521	284 936	284 936	284 936	310 085	333 146	349 869
Service charges - water revenue	74 099	83 755	85 498	98 642	93 142	93 142	95 897	99 943	105 503
Service charges - sanitation revenue	50 381	57 212	57 223	60 917	62 827	62 827	63 455	66 997	70 759
Service charges - refuse revenue	36 945	39 498	46 788	52 934	52 934	52 934	56 130	59 500	63 074
Service charges - other									
Rental of facilities and equipment	6 532	6 743	7 208	8 551	8 551	8 551	7 966	8 739	9 615
Interest earned - external investments	3 705	6 881	7 553	7 714	7 018	7 018	6 166	6 210	6 255
Interest earned - outstanding debtors	2 463	2 331	2 199	2 204	2 204	2 204	2 288	2 234	2 322
Dividends received									
Fines	5 469	5 278	6 644	6 079	7 529	7 529	7 965	7 378	7 817
Licences and permits	1 711	1 786	1 968	2 046	2 046	2 046	2 229	2 447	2 686
Agency services	1 790	1 912	2 025	2 250	2 255	2 255	2 480	2 727	3 000
Transfers recognised - operational	58 384	38 005	41 680	68 384	70 101	70 101	59 724	84 037	99 909
Other revenue	39 497	17 375	71 461	19 963	21 516	21 516	21 617	22 855	24 404
Gains on disposal of PPE	13 171	1 920		383	383	383			
Total Revenue (excluding capital transfers and contributions)	607 290	597 482	695 005	742 541	743 363	743 363	785 691	855 339	911 867

**Table 3 Percentage growth in revenue by main revenue source**

Description R thousand	Current Year 2013/14	2014/15 Medium Term Revenue & Expenditure Framework					
		Budget Year 2014/15		Budget Year +1 2015/16		Budget Year +2 2016/17	
<b>Revenue By Source</b>							
Property rates	126 921	148 640	17.11%	158 025	6.31%	165 498	4.73%
Property rates - penalties & collection charges	1 000	1 050	5.00%	1 103	5.00%	1 158	5.00%
Service charges - electricity revenue	284 936	310 085	8.83%	333 146	7.44%	349 869	5.02%
Service charges - water revenue	93 142	95 897	2.96%	99 943	4.22%	105 503	5.56%
Service charges - sanitation revenue	62 827	63 455	1.00%	66 997	5.58%	70 759	5.61%
Service charges - refuse revenue	52 934	56 130	6.04%	59 500	6.00%	63 074	6.01%
Rental of facilities and equipment	8 551	7 966	-6.84%	8 739	9.70%	9 615	10.02%
Interest earned - external investments	7 018	6 166	-12.13%	6 210	0.70%	6 255	0.73%
Interest earned - outstanding debtors	2 204	2 288	3.81%	2 234	-2.38%	2 322	3.96%
Fines	7 529	7 965	5.79%	7 378	-7.36%	7 817	5.94%
Licences and permits	2 046	2 229	8.94%	2 447	9.78%	2 686	9.77%
Agency services	2 255	2 480	9.98%	2 727	9.96%	3 000	10.01%
Transfers recognised - operational	70 101	59 724	-14.80%	84 037	40.71%	99 909	18.89%
Other revenue	21 516	21 617	0.47%	22 855	5.73%	24 404	6.78%
Total Revenue (excluding capital transfers and contributions)	743 363	785 691		855 339		911 867	

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality. The increase in revenue of 17.11 per cent represents the tariff increase (15%) and a revenue projection adjustment for 2013/14. The same applies to water and sanitation revenue. Rates and service charge revenues comprise 86% of the total operating revenue mix. In the 2013/2014 financial year, revenue from rates and services charges totalled R624m. This increases to R678m, R721m and R758m in the respective financial years of the MTREF. This growth can be mainly attributed to the increased share that the sale of electricity contributes to the total revenue mix, which in turn is due to rapid increases in the Eskom tariffs for bulk electricity, property rates revenue in 2014/15 and operational grants in the outer years, above anticipated inflation growth. The above table includes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality. Details in this regard are contained in Table 60 MBRR SA1 (see page 92).

After service charges, property rates are the second largest revenue source. The third largest source is operational grants from national and provincial government, which has shown growth over the MTREF, followed by 'other revenue' which consists of various items such as income received from permits and licenses, building plan fees, connection fees, advertisement fees etc. Departments have been urged to review the tariffs of these items on an annual basis to ensure they are cost reflective and market related.

Operating grants and transfers totals R59,7 million in the 2014/15 financial year. This increases to R89m and R99,9m over the MTREF. Equitable share increases substantially in terms of the equitable share formula after the release of the 2011 census figures, as a result of the population growth in the Overstrand area. The increase in the housing allocation is due to the building of top structures for housing development anticipated in the outer years. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

**Table 4 Operating Transfers and Grant Receipts**

Description R thousand	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year	Budget Year +1	Budget Year +2
<b>RECEIPTS:</b>									
<b><u>Operating Transfers and Grants</u></b>									
National Government:	28 670	33 973	39 528	44 783	45 383	45 383	56 173	66 665	74 746
Local Government Equitable Share	26 920	31 156	36 146	41 949	41 949	41 949	52 021	64 199	72 027
Finance Management	1 000	1 250	1 250	700	1 300	1 300	1 450	1 500	1 700
Municipal Systems Improvement	750	790	800	890	890	890	934	966	1 019
EPWP Incentive		777	1 332	1 244	1 244	1 244	1 768		
Provincial Government:	27 236	783	2 727	23 601	24 718	24 718	3 551	17 372	25 163
Housing	26 488		1 659	20 045	19 845	19 845		10 702	21 264
Emergency Housing Programme (EHP)					200	200	220	242	266
Provincial Library Grant	608	640	704	805	805	805	3 182	6 373	3 575
Financial Management Support Grant					800	800			
Greenest Municipality					50	50			
Community Development Worker Grant	100	78	81		49	49	52	55	58
Main Road Subsidy	40	65	65	2 651	2 651	2 651	97		
Sport & Recreation Grant					100	100			
Housing consumer education/ Thusong Service	–		218		218	218			
Other grant providers:	17 120	–	–	–	883	883	–	–	–
ACIP	15 770								
Prov Govt. Nelson Mandela Commemoration					100	100			
Prov Govt. ICT Projects for Libraries					25	25			
Table Mountain Fund					240	240			
Public Contr. KCIH					200	200			
Public Contr. Duitse Friedrich Naumann					319	319			
Mobility Strategy/National lotto/DWAF/etc	1 350	–							
<b>Total Operating Transfers and Grants</b>	<b>73 026</b>	<b>34 756</b>	<b>42 255</b>	<b>68 384</b>	<b>70 985</b>	<b>70 985</b>	<b>59 724</b>	<b>84 037</b>	<b>99 909</b>

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in possible higher levels of non-payment.

The increase in property rates has been necessitated largely due to the lagging of rates increases below inflation over the past years. Furthermore, increases in service charges have been kept at average inflation, with electricity at the level of the NERSA approval of Eskom tariffs. This is eroding the surpluses on services due to higher than inflation input costs. Notwithstanding that surpluses on services have traditionally subsidised community services, the decrease in these surpluses can also be viewed positively as this decreases the level of cross subsidisation. See the table below.

The percentage increases of Eskom bulk tariffs are beyond the mentioned inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the municipality's electricity tariffs are largely outside the control of the Municipality. Discounting the impact of these price increases in lower consumer tariffs will erode the Municipality's future financial position and viability.

The following table sets out the costing of services and an indication of the reduction in surpluses for the main municipal services.

**Table 5 Costing of services**

<b>Costing of services</b>	<b>Amended Budget 2013/2014</b>	<b>Original Budget 2014/2015</b>	
<b>Service : 1200 ELECTRICITY</b>			
** SALARIES, WAGES & ALLOWANCES	16,394,565	19,269,258	17.53%
** GENERAL EXPENSES	185,518,610	213,508,703	15.09%
** REPAIRS & MAINTENANCE	5,151,800	4,700,150	-8.77%
** CAPITAL CHARGES	37,085,620	37,983,349	2.42%
TOTAL EXPENDITURE	<b>244,150,595</b>	<b>275,461,460</b>	<b>12.82%</b>
TOTAL INCOME	<b>-285,196,100</b>	<b>-311,605,306</b>	<b>9.26%</b>
<b>SURPLUS/DEFICIT</b>	<b>-41,045,505</b>	<b>-36,143,846</b>	<b>-11.94%</b>
	16.81%	13.12%	
<b>Service : 1300 WATER</b>			
** SALARIES, WAGES & ALLOWANCES	14,042,343	17,153,390	22.15%
** GENERAL EXPENSES	36,367,800	28,553,657	-21.49%
** REPAIRS & MAINTENANCE	8,199,700	10,559,706	28.78%
** CAPITAL CHARGES	31,207,460	38,025,366	21.85%
TOTAL EXPENDITURE	<b>89,817,303</b>	<b>94,292,119</b>	<b>4.98%</b>
TOTAL INCOME	<b>-93,561,900</b>	<b>-96,871,828</b>	<b>3.54%</b>
<b>SURPLUS/DEFICIT</b>	<b>-3,744,597</b>	<b>-2,579,709</b>	<b>-31.11%</b>
	4.17%	2.74%	
<b>Service : 1400 WASTE WATER MANAGEMENT</b>			
** SALARIES, WAGES & ALLOWANCES	13,821,292	16,144,914	16.81%
** GENERAL EXPENSES	16,104,958	15,069,541	-6.43%
** REPAIRS & MAINTENANCE	6,896,877	6,687,080	-3.04%
** CAPITAL CHARGES	18,809,200	21,589,679	14.78%
TOTAL EXPENDITURE	<b>55,632,327</b>	<b>59,491,214</b>	<b>6.94%</b>
TOTAL INCOME	<b>-61,516,600</b>	<b>-64,054,846</b>	<b>4.13%</b>
<b>SURPLUS/DEFICIT</b>	<b>-5,884,273</b>	<b>-4,563,632</b>	<b>-22.44%</b>
	10.58%	7.67%	
<b>Service : 1500 WASTE MANAGEMENT</b>			
** SALARIES, WAGES & ALLOWANCES	17,345,155	19,853,589	14.46%
** GENERAL EXPENSES	22,025,690	25,848,881	17.36%
** REPAIRS & MAINTENANCE	1,815,024	2,029,530	11.82%
** CAPITAL CHARGES	4,682,050	4,952,844	5.78%
** CONTRIBUTION TO PROVISIONS	3,400,240	3,000,000	-11.77%
TOTAL EXPENDITURE	<b>49,268,159</b>	<b>55,684,844</b>	<b>13.02%</b>
TOTAL INCOME	<b>-53,020,400</b>	<b>-56,190,500</b>	<b>5.98%</b>
<b>SURPLUS/DEFICIT</b>	<b>-3,752,241</b>	<b>-505,656</b>	<b>-86.52%</b>
	7.62%	0.91%	
<b>Notes:</b>			
1. No Salary Contingency is reflected under the services in this table.			
2. Increased depreciation for Water & Sewerage due to new plant.			
3. The general expenses increase for waste management relates to Karwyderskraal			

It must also be noted that the consumer price index, as measured by CPI, is not a good indicator of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity, chemicals, etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be

made up by either operational efficiency gains or service level reductions. Within this framework the Municipality has undertaken the tariff setting process relating to service charges as follows.

#### 1.4.1 Property Rates

Property rates cover the cost of the provision of general community and support services. Determining the effective property rates tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and also prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties.

The following stipulations in the Property Rates Policy are highlighted:

TARIFF CODE	CLASS TAX	TYPE OF PROPERTY	REBATE OR EXEMPTIONS
BUS	General Tax: Commercial	All business, industries, Bed and Breakfast and Guest Houses	No exemptions. Bed and Breakfast as well as Guesthouses can apply before 30 June for the following rebate on the <u>difference between Bus and Res. rate</u> : 1 -2 X lettable room: 100% 3 X lettable rooms: 75% 4 X lettable rooms: 50% 5 X lettable rooms: 25%
BUSO	General Tax: Tourism and recreational resorts outside of the municipal service areas	Hotels, Guest Houses, Cottages, Caravan parks and Holiday Resorts, Chalets	50% rebate on the tax applicable on commercial property in urban areas.
RES	General Tax: Residential properties within the municipal service areas	Single residential properties, Group housing, Retirement Villages, Flats, Sectional Schemes, small holdings not used for bona fide farming purposes	The first R15 000.00 of the rateable value of all residential properties is exempted from property tax.  A further R35 000.00 of the rateable value is exempted in respect of all residential properties where a residential completion certificate has been issued and  an additional rebate of 20% of the levy calculated on such properties, is granted.  Rebate to qualifying property owners as indicated under "Other Rebate"
RESO	General Tax: Residential properties outside of the municipal service area	Single residential properties, Group housing, Retirement Villages, Flats, Sectional Schemes	50% of the tax applicable on residential property in urban areas. Rebate to qualifying property owners as indicated under "Other Rebate"
FARMS	General Tax: Farming Properties	Smallholdings used for bona fide farming purposes outside municipal service area	Agricultural purpose in relation to the use of a property, excludes the use of a property for the purpose of ecotourism or for the trading in or hunting of game.
FARMS	Conservation land	Privately owned properties whether designated or used for conservation purposes.	Not rateable in terms of section 17(1)(e) of the act.

	Other Rebates	Single residential properties, Group Housing, Retirement Villages, Flats, Sectional Schemes	<ul style="list-style-type: none"> <li>- Property must be occupied permanently;</li> <li>- The applicant must be the registered owner;</li> <li>- Only one residential unit allowed on the property</li> <li>- Applicant may not be the registered owner of more than one property</li> </ul> <ul style="list-style-type: none"> <li>• A rebate of 100% to approved applicants, in terms of the Property Rates Policy, who's household income may not exceed the amount of two times (2X) of state funded social pensions per month;</li> <li>• A rebate of 40% to approved applicants, in terms of the Property Rates Policy, who are older than 60 with a total household income less than four times (4X) of state funded social pensions per month;</li> <li>• A rebate of 30% to approved applicants, in terms of the Property Rates, who are older than 60 with a total household income of more than four times (4X) but less than eight times (8X) of state funded social pensions per month.</li> </ul>
REBU2			
REBU3			
REBU4			

The following table sets out the categories of rateable properties for purposes of levying rates and the proposed rates for the 2014/15 financial year, to increase from 1 July 2014.

**Table 6 Comparison of proposed rates to be levied for the 2014/15 financial year**

Tariff Code	Detail	RATES TARIFFS 2014/15		2013/2014		1.15
		Exclude VAT	Include VAT	Exclude VAT	Include VAT	
RATES	YEAR OF GENERAL VALUATION: 02 JULY 2011					
RATE1*	Commercial Land with Improvements	0.00627	0.00627	0.00545	0.00545	15.00%
RATE2*	Residential Land with Improvements	0.00414	0.00414	0.00360	0.00360	15.00%
	* See attached schedule of Exemptions and Rebates applicable					
RATE3	Municipal Properties: Investment Properties	Applicable tariff for Commercial or Residential	Applicable tariff for Commercial or Residential	Applicable tariff for Commercial or Residential	Applicable tariff for Commercial or Residential	
RATE4	Municipal Properties: Property, Plant and Equipment	0.00000	0.00000	0.00000	0.00000	
RATE5	Improvement District Surcharge (HPP) on total rates payable on approved Improvement District	0.10000	0.10000	0.10000	0.10000	0.00%
RATE6	Building Clause	Equals to tariff for rates on property	Equals to tariff for rates on property	Equals to tariff for rates on property	Equals to tariff for rates on property	
RATE7	Farm/Agriculture (Bona-fide)	0.00104	0.00104	0.00090	0.00090	15.00%
RATE8	Undeveloped erven	0.00566	0.00566	0.00566	0.00566	0.00%
		PLEASE NOTE: VAT IS LEVIED AT A RATE OF 0% ON ASSESSMENT RATES				

#### 1.4.2 Sale of Water and Impact of Tariff Increases

South Africa faces similar challenges with regard to water supply as it does with electricity, since demand growth outstrips supply. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

In addition National Treasury has urged all municipalities to ensure that water tariff structures are cost reflective by 2014.

Better maintenance of infrastructure and cost-reflective tariffs will ensure that the supply challenges are managed in future to ensure sustainability.

Tariff increases as from 1 July 2014 are indicated in the list of tariffs in Annexure B. The 6 kℓ water per 30-day period is now only granted free of charge to registered indigents. The second level of phasing in the increases in the 0 – 6 kℓ category as implemented during 2013/14, to recover minimum cost of the production of water, has been further postponed to keep the 2014/15 increase in the water tariffs to current inflation levels.

A summary of the proposed tariffs for households (residential) are as follows:

**Table 7 Comparison between current water charges and increases (Domestic)**

Tariff Code	Detail	2014/2015		2013/2014		
		Exclude VAT	Include VAT	Exclude VAT	Include VAT	
W1B	CONSUMPTION - HOUSEHOLDS					
	Normal Tariff					
W1B1	0 - 6 kℓ per kℓ	3.25	3.71	3.07	3.50	6.00%
W1B2	7 - 18 kℓ per kℓ	8.60	9.80	8.11	9.25	6.00%
W1B3	19 - 30 kℓ per kℓ	13.95	15.90	13.16	15.00	6.00%
W1B4	31 - 45 kℓ per kℓ	21.48	24.48	20.26	23.10	6.00%
W1B5	46 - 60 kℓ per kℓ	27.90	31.81	26.32	30.00	6.00%
W1B6	>60kℓ per kℓ	37.20	42.40	35.09	40.00	6.00%

#### 1.4.3 Sale of Electricity and Impact of Tariff Increases

NERSA announced a revised bulk electricity pricing structure for Eskom during 2013/14 for a three year period. An 8,2 per cent increase in the Eskom bulk electricity tariffs to municipalities became effective from 1 July 2013.

Considering the Eskom increases, the overall tariffs had to be increased between 7,29 per cent and 7,31 per cent for life-line/indigents consumption (up to 350kWh), which is within the NERSA upper limit of 7,34 per cent, and up to 8 per cent (1 500 kWh) for the higher residential consumers to offset the additional bulk purchase cost from 1 July 2014. Furthermore, it should be noted that given the magnitude of the tariff increase, it is expected to depress growth in electricity consumption, which will have a negative impact on the municipality's revenue from electricity.

Registered indigents will again be granted 50 kWh per 30-day period free of charge.

The following table shows the impact of the proposed increases in electricity tariffs for domestic customers:

**Table 8 Comparison between current electricity charges and increases (Domestic)**

Tariff Code	Detail	2014/2015		2013/2014		
		Exclude VAT	Include VAT	Exclude VAT	Include VAT	
E1A	Two-Part Tariff: Credit meters up to 60 Amp (13.8 kVA BDMD) (Including Resorts)					
E1A1	Basic Monthly charge per meter	R	204.56	233.20	192.98	220.00
	kWH Unit cost					
E1A2	IBT BLOCK 1 0 - 350 kWh	c	95.96	109.39	88.68	101.10
E1A3	IBT BLOCK 2 351 - 600 kWh	c	130.01	148.22	120.16	136.98
E1A4	IBT BLOCK 3 > 600 kWh	c	156.70	178.64	144.83	165.10
E1B	Two-Part Tariff: Pre-Paid up to 60 Amp (13.8 kVA BDMD) (Included Resorts)					
E1B1	Basic Monthly charge per meter	R	204.56	233.20	192.98	220.00
	kWH Unit cost					
E1B2	IBT BLOCK 1 0 - 350 kWh	c	88.64	101.05	81.93	93.40
E1B3	IBT BLOCK 2 351 - 600 kWh	c	122.51	139.67	113.23	129.08
E1B4	IBT BLOCK 3 > 600 kWh	c	150.62	171.71	139.20	158.69

The stepped tariff for electricity as previously proposed by NERSA has continued. Tariffs have increased across all blocks at the same rate. The municipality will maintain the current stepped structure for the electricity tariffs.

The inadequate electricity bulk capacity in the Hermanus area and the impact on service delivery and development remains a challenge for the municipality. The commissioning of the 66 KVA substation during 2014/2015 will address some of the challenges.

The approved budget for the Electricity Division can only be utilised for certain committed upgrade projects and to strengthen critical infrastructure (e.g. substations without back-up supply) and limited upgrading of networks.

Owing to the high increases in Eskom's bulk tariffs, it is clearly not possible to fund further necessary upgrades through increases in the municipal electricity tariff – as the resultant tariff increases would be unaffordable for the consumers. The taking up of loans as a strategy for the funding of infrastructure is considered to spread the burden over the life span of the assets. As part of the 2014/15 medium-term capital programme, funding has been allocated to electricity infrastructure.

The full proposed tariffs are included in Annexure B.

#### **1.4.4 Sanitation and Impact of Tariff Increases**

A tariff increase of 6,32 per cent for sanitation (consumption) and 6,02 per cent for basic charges is proposed from 1 July 2014. This is based on tariff increases related to inflation increases and as mentioned earlier in this report, it further erodes the surplus for this service. It should be noted that electricity costs contributes towards waste water treatment input costs.

The following factors also contribute to the proposed tariff increase:

- Sanitation charges are calculated according to the percentage water discharged as indicated in the table below;
- Free sanitation (4,2 kℓ of 6 kℓ water) will be applicable to registered indigents; and

The following table compares the current and proposed tariffs:

**Table 9 Comparison between current sanitation charges and increases (Domestic)**

Tariff Code	Detail	2014/2015		2013/2014		
		Exclude VAT	Include VAT	Exclude VAT	Include VAT	
SE7A	SEWERAGE - SINGLE AND INTERMEDIATE RESIDENTIAL (Dwelling house and Duplex flats, Conventional Sewers, small bore sewers and conservancy tanks)					
SE7A1	0 - 35kℓ per kℓ (based on 70% of 50kℓ water usage) - per unit per month , Conservancy tank service included maximum of 2 (two) vacuum tanker services, only during office hours per month. For after hours service and more than 2 tank services, refer to tariff SE9B.	10.26	11.70	9.65	11.00	6.32%
SE8	BASIC CHARGE					
SE8A	Basic Monthly Charge Developed sites per erf/unit per month	91.14	103.90	85.97	98.00	6.02%

#### **1.4.5 Waste Removal and Impact of Tariff Increases**

Solid waste removal is operating just at break even. The Municipality will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. The main contributors to the cost impact on this service are general

expenditure from rapidly rising petrol and diesel costs and additional contractor costs linked to the closure of Karwyderskraal. The municipality is set to resolve the Karwyderskraal issue during the 2014/15 financial year by entering into a long term lease agreement with the District municipality for a portion of the land at Karwyderskraal to develop further cells.

An 6% per cent increase in the waste removal tariff is proposed from 1 July 2014. Higher increases will not be viable in 2014/15 owing to the increases implemented in the previous financial year as well as the overall impact of higher than inflation increases of other services. Any further increase could be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debt.

The following table compares current and proposed amounts payable from 1 July 2014:

**Table 10 Comparison between current waste removal fees and increases (Domestic)**

Tariff Code	Detail	2014/2015		2013/2014		
		Exclude VAT	Include VAT	Exclude VAT	Include VAT	
SAN1	<u>REFUSE REMOVAL (1 removal per week of 4 bags or 1X240 Bin)</u>	R	R	R	R	
SAN1A	Residential (All registered erven/unit with approved building plan) 1 x removal per week (R/Month)	130.18	148.40	122.81	140.00	6.00%

All proposed refuse tariffs are listed in Annexure B.

#### 1.4.6 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on medium and small household consumers, as well as an indigent household receiving free basic services.

Note that in all instances the overall impact of the tariff increases on household's bills has been kept below 9 per cent, with the increase for indigent households at 6,22 per cent.

<u>Medium Consumption with prepaid elect meter</u>		2013/2014	2014/2015	Amount	%
Valuation	R 2,500,000				
Rates		588.00	676.20	88.20	15.00
Sewer	SE7A1+SE8A	254.85	270.69	15.85	6.22
Infrastructure	Basic Charge Water, Electricity &	41.70	41.70	0.00	0.00
Refuse	1X Per Week	122.81	130.18	7.37	6.00
Electricity Prep	800 kWh	1,041.21	1,122.32	81.11	7.79
Water	25 kl	304.35	322.63	18.28	6.01
VAT		247.09	264.25	17.16	6.95
<b>TOTAL</b>		2,600.00	2,827.97	227.96	8.77
<i>HPP if applicable</i>		58.80	67.62	8.82	
<u>Low Consumption with prepaid elect meter</u>		2013/2014	2014/2015	Amount	%
Valuation	R 1,000,000				
Rates		228.00	262.20	34.20	15.00
Sewer	SE7A1+SE8A	187.30	198.87	11.58	6.18
Infrastructure	Basic Charge Water, Electricity &	41.70	41.70	0.00	0.00
Refuse	1X Per Week	122.81	130.18	7.37	6.00
Electricity Prep	350 kWh	479.74	514.80	35.06	7.31
Water	15 kl	187.90	199.18	11.28	6.00
VAT		142.72	151.86	9.14	6.40
<b>TOTAL</b>		1,390.16	1,498.79	108.63	7.81
<i>HPP if applicable</i>		22.80	26.22	3.42	
<u>Life-Line Consumption (ONE PART)</u>		2013/2014	2014/2015	Amount	%
Valuation	R 50,000				
Rates		0.00	0.00	0.00	0.00
Sewer	SE7A1	13.51	14.36	0.85	6.32
Infrastructure	Basic Charge Water, Electricity &	41.70	41.70	0.00	0.00
Refuse	1X Per Week	0.00	0.00	0.00	0.00
Electricity Pre-	300 kWh	245.79	263.70	17.91	7.29
Water	8 kl	16.22	17.20	0.98	6.04
VAT		44.41	47.17	2.76	6.22
<b>TOTAL</b>		361.63	384.14	22.51	6.22

**Table 11 MBRR Table SA14 – Household bills**

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework			
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15 % incr.	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Rand/cent										
<u>Monthly Account for Household - 'Middle'</u>										
Rates and services										
Property rates	134.33	141.26	151.25	156.00	156.00	156.00	15.0%	179.40	190.16	201.57
Electricity: Basic levy	142.11	151.75	157.89	192.98	192.98	192.98	6.0%	204.56	216.83	229.84
Electricity: Consumption	694.90	953.00	1 056.28	1 126.62	1 126.62	1 126.62	8.0%	1 219.00	1 292.14	1 369.67
Water: Basic levy	80.70	87.72	92.98	96.49	96.49	96.49	6.0%	102.28	108.42	114.92
Water: Consumption	160.05	168.48	224.44	273.66	273.66	273.66	–	273.66	290.08	307.48
Sanitation	242.50	245.92	264.87	288.62	288.62	288.62	6.0%	305.94	324.29	343.75
Refuse removal	76.75	83.33	113.16	122.81	122.81	122.81	6.0%	130.18	137.99	146.27
Other										
sub-total	1 531.34	1 831.46	2 060.87	2 257.18	2 257.18	2 257.18	7.0%	2 415.02	2 559.92	2 713.51
VAT on Services	195.58	236.63	267.35	294.17	294.17	294.17		312.99	331.77	351.67
Total large household bill:	1 726.92	2 068.09	2 328.22	2 551.35	2 551.35	2 551.35	6.9%	2 728.00	2 891.68	3 065.18
% increase/-decrease		19.8%	12.6%	9.6%	–	–		6.9%	6.0%	6.0%
<u>Monthly Account for Household - 'Affordable'</u>										
Rates and services										
Property rates	93.00	97.80	104.70	108.00	108.00	108.00	15.0%	124.20	131.65	139.55
Electricity: Basic levy	142.11	151.75	157.89	192.98	192.98	192.98	6.0%	204.56	216.83	229.84
Electricity: Consumption	347.45	399.00	438.62	456.59	456.59	456.59	8.0%	494.01	523.65	555.07
Water: Basic levy	80.70	87.72	92.98	96.49	96.49	96.49	6.0%	102.28	108.42	114.92
Water: Consumption	123.65	133.38	164.44	207.86	207.86	207.86	6.0%	220.35	233.57	247.59
Sanitation	216.25	231.74	234.17	254.84	254.84	254.84	6.0%	270.13	286.34	303.52
Refuse removal	76.75	83.33	113.16	122.81	122.81	122.81	6.0%	130.18	137.99	146.27
Other										
sub-total	1 079.91	1 184.72	1 305.96	1 439.57	1 439.57	1 439.57	7.4%	1 545.71	1 638.45	1 736.76
VAT on Services	138.17	152.17	168.18	186.42	186.42	186.42		199.01	210.95	223.61
Total small household bill:	1 218.08	1 336.88	1 474.14	1 625.99	1 625.99	1 625.99	7.3%	1 744.72	1 849.40	1 960.37
% increase/-decrease		9.8%	10.3%	10.3%	–	–		7.3%	6.0%	6.0%
<u>Monthly Account for Household - 'Indigent'</u>										
Rates and services										
Property rates	51.67	54.33	58.16	60.00	60.00	60.00	15.0%	69.00	73.14	77.53
Electricity: Basic levy	142.11	151.75	157.89	192.98	192.98	192.98	6.0%	204.56	216.83	229.84
Electricity: Consumption	208.47	252.00	278.39	286.75	286.75	286.75	8.0%	310.24	328.85	348.59
Water: Basic levy	80.70	87.72	92.98	96.49	96.49	96.49	6.0%	102.28	108.42	114.92
Water: Consumption	91.25	98.28	104.44	142.06	142.06	142.06	6.0%	150.60	159.64	169.21
Sanitation	190.00	204.15	203.48	221.07	221.07	221.07	6.0%	234.33	248.39	263.30
Refuse removal	76.75	83.33	113.16	122.81	122.81	122.81	6.0%	130.18	137.99	146.27
Other	(424.05)	(468.47)	(521.33)	(598.16)	(598.16)	(598.16)	(6.0%)	(635.06)	(673.16)	(713.55)
sub-total	416.90	463.09	487.17	524.00	524.00	524.00	8.0%	566.13	600.10	636.11
VAT on Services	51.13	57.23	60.06	64.96	64.96	64.96		69.60	73.77	78.20
Total small household bill:	468.03	520.32	547.23	588.96	588.96	588.96	7.9%	635.73	673.88	714.31
% increase/-decrease		11.2%	5.2%	7.6%	–	–		7.9%	6.0%	6.0%

1. Use as basis property value of R700 000, 1 000 kWh electricity and 30kl water

2. Use as basis property value of R500 000 and R700 000, 500 kWh electricity and 25kl water

3. Use as basis property value of R 300 000, 350kWh electricity and 20kl water (50 kWh electricity and 6 kl water free)

## 1.5 Operating Expenditure Framework

The Municipality's expenditure framework for the 2014/15 budget and MTREF is informed by the following:

- Balanced budget constraint (cash operating expenditure should not exceed cash operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- The repairs and maintenance plan relating to the asset management strategy;
- Funding of the budget over the MTREF as informed by Section 18 and 19 of the MFMA;
- Limiting growth in the personnel structure;
- Reducing expenditure on non-core programmes;
- Implementing operational gains and efficiencies; and
- Strict adherences to the principle of *no project plan no budget*. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2014/15 budget and MTREF (classified per main type of operating expenditure):

**Table 12 Summary of operating expenditure by standard classification item**

Description R thousand	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year	Budget Year +1	Budget Year +2
<b>Expenditure By Type</b>									
Employee related costs	187,333	207,938	231,527	250,842	252,454	252,454	280,694	302,019	322,259
Remuneration of councilors	4,840	6,717	7,084	7,577	7,978	7,978	8,516	9,069	9,702
Debt impairment	4,806	28	934						
Depreciation & asset impairment	106,777	104,041	105,280	103,810	102,070	102,070	109,265	111,199	112,750
Finance charges	19,373	31,727	37,310	42,292	42,292	42,292	44,535	46,691	48,839
Bulk purchases	101,683	126,669	145,022	156,893	156,893	156,893	169,444	183,000	197,640
Other materials	58,239	54,582	12,437	15,055	14,752	14,752	17,295	20,201	19,151
Contracted services	20,253	24,079	67,601	74,909	76,844	76,844	80,439	95,248	100,837
Transfers and grants	23,620	28,454	35,856	38,766	39,217	39,217	41,370	44,065	46,708
Other expenditure	116,278	158,290	102,107	133,917	135,889	135,889	117,869	142,288	157,571
Loss on disposal of PPE			1,756						
<b>Total Expenditure</b>	<b>643,201</b>	<b>742,525</b>	<b>746,914</b>	<b>824,059</b>	<b>828,389</b>	<b>828,389</b>	<b>869,426</b>	<b>953,780</b>	<b>1,015,458</b>

The budgeted allocation for employee related costs for the 2014/15 financial year totals R280,7m which equals 32,2 per cent of the total operating expenditure and within the NT norm of 25 – 40 per cent. Based on the three year collective SALGBC agreement, salary increases have been factored into this budget at a percentage increase of 7 per cent for the 2014/15 financial year as well as the two outer years of the MTREF. As part of the Municipality's cost reprioritisation and cash management strategy vacancies have been significantly rationalised downwards. A R7,75m contingency for vacancies not to be filled, has been provided. This could however have a negative impact on service delivery. In addition expenditure against overtime and stand-by was investigated for reduction.

With effect from 1 July 2010, the Municipal Manager and Section 56 Employees' (Directors) remuneration is determined by an independent consulting firm appointed by the Employer to determine market related cost-to-employer remuneration packages which determination is based on market conditions that prevailed in March of the relevant year. The afore-mentioned employees receive no bonuses which principle was negotiated with them.

Draft regulations have been issued for necessary comment, which regulations provides for the Minister of Co-operative Governance to determine the total remuneration packages payable to Municipal Managers and Section 56 Employees (Directors), with effect from 1 July 2014. The financial impact of same must still be determined.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget.

The provision of debt impairment was determined based on an annual collection rate of close to 100 per cent and the Debt Write-off Policy of the Municipality. For the 2014/15 financial year this amount equates to a zero provision as the current provision is set to decrease slightly over the medium term.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate of asset consumption. Budget appropriations in this regard total R109,3m for the 2014/15 financial year and equates to 12,5 per cent of the total operating expenditure. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This resulted in a significant increase in depreciation relative to previous years. This aspect is further highlighted in para. 1.3 of this report.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital) and limited finance leases. Finance charges make up 5,12 per cent of operating expenditure excluding annual redemption for 2014/15 and increases to R48,81m by 2016/17. As previously noted, the Municipality has reached its prudential limits for borrowing – hence the planned borrowing to finance the capital budget does not result in finance charges increasing as a percentage of operational expenditure – rather it decreases to 4,81 per cent over the MTREF.

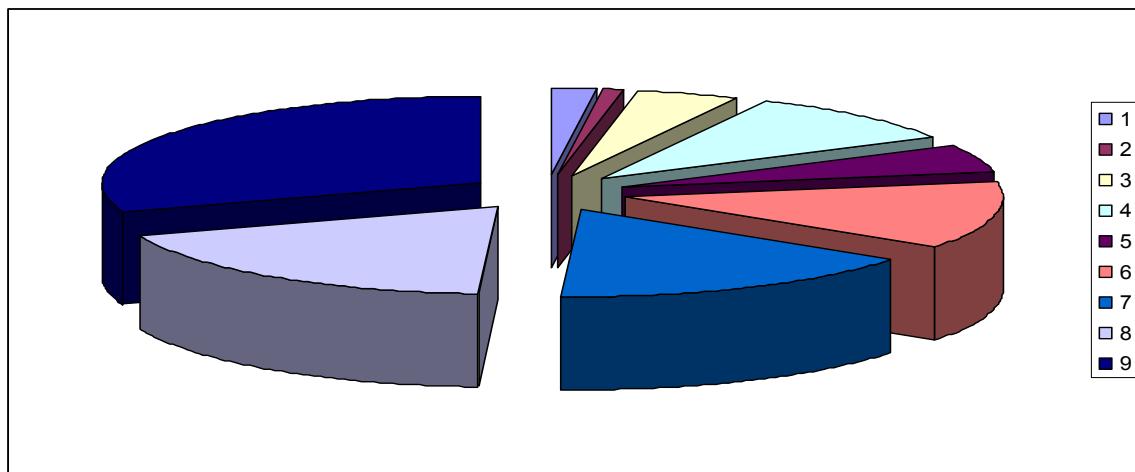
Bulk purchases are directly informed by the purchase of electricity from Eskom. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures accounts for distribution losses.

Other materials comprise amongst others the purchase of materials for maintenance, cleaning materials etc. In line with the Municipality's repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the Municipality's infrastructure.

Contracted services have been identified as a cost saving area for the Municipality. As part of the compilation of the 2014/15 MTREF this group of expenditure was critically evaluated and operational efficiencies were enforced. In the 2014/15 financial year, this group of expenditure totals R80,4m and has increased by 4,7 per cent. Further details relating to contracted services can be seen in Table 60 MBRR SA1 (see page 92).

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. Further details relating to other expenditure can be seen in Table 60 MBRR SA1 (see page 92).

The following table gives a breakdown of the main expenditure categories for the 2014/15 financial year.



- 1 Other materials
- 2 Remuneration of councillors
- 3 Grants and subsidies
- 4 Contracted services
- 5 Finance charges
- 6 Depreciation & asset impairment
- 7 Other expenditure
- 8 Bulk purchases
- 9 Employee related costs

**Figure 1 Main operational expenditure categories for the 2014/15 financial year**

### 1.5.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2014/15 budget and MTREF provide for growth in the area of asset maintenance, as informed by the asset maintenance strategy and repairs and maintenance plan of the Municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance:

**Table 13 Operational repairs and maintenance**

WC032 Overstrand - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

Description R thousand	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Repairs and Maintenance</b>									
Employee related costs	13 978	15 563	27 460	37 260	35 728	35 728	40 369	43 349	46 548
Other materials	4 600	5 188	9 153	45 751	12 854	12 854	12 890	14 918	15 382
Contracted Services	11 065	12 320	21 740	76 766	29 992	29 992	30 077	34 808	35 891
Other Expenditure	28 596	31 774	56 061	3 582	76 221	76 221	78 761	94 241	98 513
<b>Total Repairs and Maintenance Expenditure</b>	<b>58 239</b>	<b>64 845</b>	<b>114 414</b>	<b>163 360</b>	<b>154 795</b>	<b>154 795</b>	<b>162 097</b>	<b>187 315</b>	<b>196 335</b>

During the compilation of the 2014/15 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality's infrastructure. As part of the 2014/15 MTREF this strategic imperative remains a priority as can be seen by the budget appropriations over the MTREF. In relation to the total operating expenditure, repairs and maintenance comprises on average 19 per cent of the budget over the respective financial years of the MTREF.

The table below provides a breakdown of the repairs and maintenance in relation to asset classes:

**Table 14 Repairs and maintenance per asset class**

Description R thousand	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Repairs and maintenance expenditure by Asset Class/Sub-class</b>									
<b>Infrastructure</b>	38 271	43 120	87 048	135 022	131 381	131 381	136 837	156 116	162 973
<b>Infrastructure - Road transport</b>	25 980	25 843	42 236	62 485	63 816	63 816	68 562	74 899	78 492
<i>Roads, Pavements &amp; Bridges</i>	25 391	25 231	39 790	58 578	60 122	60 122	62 250	68 195	71 362
<i>Storm water</i>	588	611	2 446	3 907	3 694	3 694	6 312	6 704	7 130
<b>Infrastructure - Electricity</b>	3 998	4 601	14 105	27 457	21 945	21 945	25 528	23 859	25 415
<i>Generation</i>									
<i>Transmission &amp; Reticulation</i>	3 998	4 601	14 105	27 457	21 945	21 945	25 528	23 859	25 415
<i>Street Lighting</i>									
<b>Infrastructure - Water</b>	3 568	6 892	21 502	28 574	27 464	27 464	26 794	36 728	36 961
<i>Dams &amp; Reservoirs</i>	3 568	52	80						
<i>Water purification</i>		1 709	1 963						
<i>Reticulation</i>		5 132	19 459	28 574	27 464	27 464	26 794	36 728	36 961
<b>Infrastructure - Sanitation</b>	3 564	4 568	7 708	14 662	16 443	16 443	14 153	18 398	19 663
<i>Reticulation</i>	3 564	3 687	6 623						
<i>Sewerage purification</i>		882	1 085	14 662	16 443	16 443	14 153	18 398	19 663
<b>Infrastructure - Other</b>	1 162	1 215	1 499	1 844	1 714	1 714	1 800	2 232	2 442
<i>Waste Management</i>	1 162	1 215	1 499	1 844	1 714	1 714	1 800	2 232	2 442
<b>Community</b>	3 574	6 012	5 408	8 252	8 749	8 749	9 298	10 114	11 373
<b>Investment properties</b>	199	270	-	-	-	-	-	-	-
<b>Other assets</b>	16 195	15 443	21 958	20 086	14 666	14 666	15 963	21 086	21 989
<b>Total Repairs and Maintenance Expenditure</b>	58 239	64 845	114 414	163 360	154 795	154 795	162 097	187 315	196 335
<b>R&amp;M as a % of PPE</b>	1.9%	2.1%	3.7%	5.3%	5.0%	5.0%	5.3%	6.2%	6.5%
<b>R&amp;M as % Operating Expenditure</b>	9.1%	8.7%	15.3%	19.8%	18.7%	18.7%	18.6%	19.6%	19.3%

For the 2014/15 financial year, 8,4 per cent or R162m of the total budget will be spent on repairs and maintenance, of which R137m is for infrastructure. Roads infrastructure has received a significant proportion of the infrastructure allocation totalling 42,2 per cent (R68,5m), followed by water at 18,5 per cent (R26,8) and electricity at 15,7 per cent (R25,5).

### 1.5.2 Free Basic Services: Basic Social Services Package

The social package assists households that are indigent/poor or face other circumstances that limit their ability to pay for services. To receive these free/subsidised services the households are required to register in terms of the Municipality's Indigent Policy. The current indigent households amount to approximately 6500 and is reviewed monthly. Details relating to free services and basic service delivery measurement is contained in Table 26 MBRR A10 (Basic Service Delivery Measurement) on page 39.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

**Table 15 MBRR Table SA21 – Transfers and grants made by the municipality**

Description R thousand	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<u>Cash Transfers to other municipalities</u> <i>Insert description</i>									
Total Cash Transfers To Municipalities:	-	-	-	-	-	-	-	-	-
<u>Cash Transfers to other Organs of State</u> <i>Insert description</i>									
Total Cash Transfers To Other Organs Of State:	-	-	-	-	-	-	-	-	-
<u>Cash Transfers to Organisations</u> <i>Grant-in-aid</i>	82	370	398		451	451	278	507	538
Total Cash Transfers To Organisations	82	370	398	-	451	451	278	507	538
<u>Cash Transfers to Groups of Individuals</u> <i>Indigent grant</i>	23 538	28 084	35 458	38 766	38 766	38 766	41 092	43 557	46 171
Total Cash Transfers To Groups Of Individuals:	23 538	28 084	35 458	38 766	38 766	38 766	41 092	43 557	46 171
<b>TOTAL CASH TRANSFERS AND GRANTS</b>	<b>23 620</b>	<b>28 454</b>	<b>35 856</b>	<b>38 766</b>	<b>39 217</b>	<b>39 217</b>	<b>41 370</b>	<b>44 065</b>	<b>46 708</b>

The policy for Grants-in-aid to organisations has been revised and approved by Council. Detailed allocations for the new the draft budget (March) will not be available as a new approach for Grant-in-Aid was followed and new processes instituted for the 2014/2015 year.

## 1.6 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

**Table 16 2014/15 Medium-term capital budget per vote**

Vote Description R thousand	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<u>Capital expenditure - Vote</u>									
Multi-year expenditure to be appropriated									
Vote 1 - Council	-	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager	-	-	-	-	-	-	-	-	-
Vote 3 - Management Services	1 748	928	1 274	1 439	1 869	1 869	850	-	-
Vote 4 - Finance	-	-	-	-	-	-	-	-	-
Vote 5 - Community Services	90 266	119 308	110 111	68 764	83 280	83 280	71 638	66 662	58 718
Vote 6 - Local Economic Development	6 973	-	945	-	-	-	-	-	-
Vote 7 - Infrastructure & Planning	55 111	42 394	31 434	39 694	41 333	41 333	20 485	19 500	22 500
Vote 8 - Protection Services	19	645	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	154 117	163 275	143 764	109 897	126 482	126 482	92 972	86 162	81 218

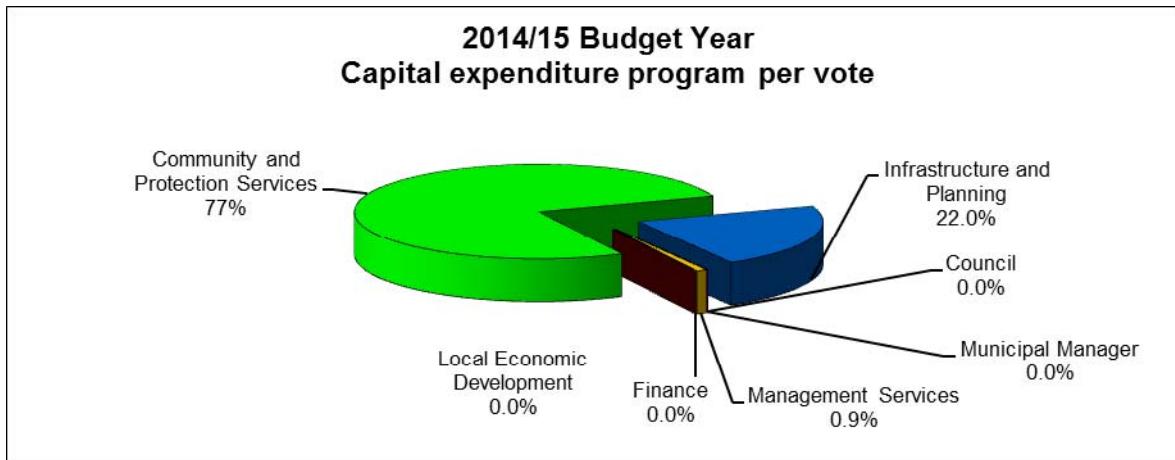
For 2014/15 an amount of R59,7m has been appropriated for the development of new infrastructure which represents 64 per cent of the total capital budget of R93m. In the outer years this amount totals R64,6m, 75 per cent and R58,6m, 72 per cent respectively for each of the outer financial years. Electricity infrastructure receives the highest allocation of R17m in 2014/15 which equates to 18,3 per cent followed by water at 14,8 per cent, R13,8m million and then waste water at 14,3 per cent, R15,9 million.

Further detail relating to asset classes and proposed capital expenditure is contained in Table 25 MBRR A9 (Asset Management) on page 37. In addition to the MBRR Table A9, MBRR Tables SA34a, b, c provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class (refer to pages 82, 83 and 84). Some of the salient projects to be undertaken over the medium-term includes, amongst others:

Project Description	Amount
Replacement of Overstrand water pipes	13 800 000
Karwyderskraal : New Waste Cell	10 200 000
Eluxolweni - New bulk sewerage for housing project	7 600 000
Hermanus Swartdamweg Institutional -320 SITES	6 774 362
Upgrade and rehabilitate roads -Zwelihle	4 650 254
Franskraal,Kleinbaai & Birkenhead: MV/LV and Minis	4 900 000
Overhills:Kleinmond Soccer Field	2 939 163
Upgrading of Kidbrooke Pipeline	2 900 000
Gansbaai project- 155 SITES	2 510 630
Kleinmond: MV & LV network upgrade	2 500 000
Hermanus: LV Upgrade/Replacement	2 100 000
Electrification of low cost housing areas (INEP)	2 000 000
Stanford - Sewer network extension	2 000 000
Kleinmond Library upgrade	2 000 000

Furthermore, pages 87 to 89 and Annexure C contains a detailed breakdown of the capital budget per project over the medium-term.

The following graph provides a breakdown of the capital budget to be spent per vote over the MTREF.



**Figure 2 Capital Infrastructure Programme**

With the 2011/2012 adjustment budget, projects to be funded from the sale of land (Sandbaai commonage land), were postponed to future capital budgets dependant on the successful sale of the land. It is Council's policy not to include projects in the next budget approval until the funds from the sale has been deposited in the Council's bank account. As this money has not been received, these projects are not included in the 2014/2015 capital budget.

#### 1.6.1 Future operational cost of new infrastructure

At this point in time information is not readily available to include reliable information in Table 71 MBRR SA35 on page 104. A long term financial plan and implementation policy is set to be implemented to encompass costs over the long term. It needs to be noted that as part of the 2014/15 MTREF, this expenditure has been factored into the two outer years of the operational budget.

### 1.7 Annual Budget Tables

The following twenty pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2014/15 draft budget and MTREF to be approved and/or noted by the Council. Each table is accompanied by explanatory notes on the facing page.

**Table 17 MBRR Table A1 - Budget Summary**

Description R thousands	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Financial Performance</b>									
Property rates	129 591	109 838	117 235	127 921	127 921	127 921	149 690	159 127	166 656
Service charges	344 977	405 415	437 030	497 429	493 840	493 840	525 567	559 586	589 204
Investment revenue	3 705	6 881	7 553	7 714	7 018	7 018	6 166	6 210	6 255
Transfers recognised - operational	58 384	38 005	41 680	68 384	70 101	70 101	59 724	84 037	99 909
Other own revenue	70 633	37 344	91 506	41 093	44 483	44 483	44 544	46 380	49 843
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>607 290</b>	<b>597 482</b>	<b>695 005</b>	<b>742 541</b>	<b>743 363</b>	<b>743 363</b>	<b>785 691</b>	<b>855 339</b>	<b>911 867</b>
Employee costs	187 333	207 938	231 527	250 842	252 454	252 454	280 694	302 019	322 259
Remuneration of councillors	4 840	6 717	7 084	7 577	7 978	7 978	8 516	9 069	9 702
Depreciation & asset impairment	106 777	104 041	105 280	103 810	102 070	102 070	109 265	111 199	112 750
Finance charges	19 373	31 727	37 310	42 292	42 292	42 292	44 535	46 691	48 839
Materials and bulk purchases	159 923	181 251	157 458	171 947	171 645	171 645	186 739	203 201	216 790
Transfers and grants	23 620	28 454	35 856	38 766	39 217	39 217	41 370	44 065	46 708
Other expenditure	141 337	182 396	172 397	208 825	212 733	212 733	198 308	237 536	258 409
<b>Total Expenditure</b>	<b>643 201</b>	<b>742 525</b>	<b>746 914</b>	<b>824 059</b>	<b>828 389</b>	<b>828 389</b>	<b>869 426</b>	<b>953 780</b>	<b>1 015 458</b>
<b>Surplus/(Deficit)</b>	<b>(35 911)</b>	<b>(145 043)</b>	<b>(51 909)</b>	<b>(81 518)</b>	<b>(85 026)</b>	<b>(85 026)</b>	<b>(83 736)</b>	<b>(98 441)</b>	<b>(103 591)</b>
Transfers recognised - capital	24 085	54 833	53 809	39 987	39 350	39 350	35 233	39 487	31 388
Contributions recognised - capital & contributed as	21 561	8 603	5 289	3 583	2 270	2 270	1 000	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>9 735</b>	<b>(81 607)</b>	<b>7 189</b>	<b>(37 947)</b>	<b>(43 407)</b>	<b>(43 407)</b>	<b>(47 503)</b>	<b>(58 954)</b>	<b>(72 203)</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>9 735</b>	<b>(81 607)</b>	<b>7 189</b>	<b>(37 947)</b>	<b>(43 407)</b>	<b>(43 407)</b>	<b>(47 503)</b>	<b>(58 954)</b>	<b>(72 203)</b>
<b>Capital expenditure &amp; funds sources</b>									
Capital expenditure	154 117	163 275	143 764	109 897	126 482	126 482	92 972	86 162	81 218
Transfers recognised - capital	23 791	54 833	53 809	36 028	36 034	36 034	36 233	39 487	31 388
Public contributions & donations	4 966	14 300	5 067	3 583	2 083	2 083	-	-	-
Borrowing	86 942	73 964	67 544	59 861	73 427	73 427	46 725	45 000	45 000
Internally generated funds	38 418	20 178	17 345	10 425	14 939	14 939	10 014	1 675	4 830
<b>Total sources of capital funds</b>	<b>154 117</b>	<b>163 275</b>	<b>143 764</b>	<b>109 897</b>	<b>126 482</b>	<b>126 482</b>	<b>92 972</b>	<b>86 162</b>	<b>81 218</b>
<b>Financial position</b>									
Total current assets	211 644	230 033	198 535	183 501	192 260	192 260	203 138	204 860	218 245
Total non current assets	3 144 498	3 209 100	3 298 669	3 188 259	3 322 212	3 322 212	3 311 731	3 292 299	3 226 939
Total current liabilities	129 879	137 580	155 486	130 310	128 109	128 109	153 849	171 582	170 906
Total non current liabilities	344 496	452 301	483 973	527 115	527 115	527 115	549 267	572 772	593 655
Community wealth/Equity	2 881 767	2 849 252	2 857 746	2 714 336	2 859 249	2 859 249	2 811 753	2 752 806	2 680 622
<b>Cash flows</b>									
Net cash from (used) operating	66 499	98 981	75 915	71 124	92 664	92 664	75 266	73 943	31 272
Net cash from (used) investing	(111 146)	(151 774)	(146 949)	(115 209)	(125 609)	(125 609)	(98 785)	(91 765)	(47 387)
Net cash from (used) financing	85 027	109 489	28 482	36 973	33 204	33 204	27 163	22 787	19 553
Cash/cash equivalents at the year end	70 004	126 699	84 147	84 406	84 406	84 406	88 050	93 014	96 452
<b>Cash backing/surplus reconciliation</b>									
Cash and investments available	71 265	132 391	95 744	100 786	100 786	100 786	110 257	120 839	129 960
Application of cash and investments	3 437	453	(1 315)	(9 124)	(23 994)	(23 994)	(23 705)	(6 795)	(17 662)
Balance - surplus (shortfall)	67 829	131 938	97 059	109 910	124 780	124 780	133 962	127 634	147 621
<b>Asset management</b>									
Asset register summary (WDV)	3 115 187	3 181 234	3 285 964	3 171 806	3 266 260	3 266 260	3 249 967	3 224 930	3 193 398
Depreciation & asset impairment	106 777	104 041	105 280	103 810	102 070	102 070	109 265	111 199	112 750
Renewal of Existing Assets	-	-	4 147	39 166	48 657	48 657	-	-	-
Repairs and Maintenance	58 239	64 845	114 414	163 360	154 795	154 795	162 097	187 315	196 335
<b>Free services</b>									
Cost of Free Basic Services provided	29 547	28 649	31 514	36 815	39 766	39 766	42 637	44 347	46 143
Revenue cost of free services provided	58 418	49 083	37 295	52 536	67 253	67 253	69 579	72 045	74 658
<b>Households below minimum service level</b>									
Water:	-	-	-	-	-	-	-	-	-
Sanitation/sew erage:	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	2	2	2	1	1	-
Refuse:	-	-	-	-	-	-	-	-	-

**Explanatory notes to MBRR Table A1 - Budget Summary**

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's service delivery and commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
  - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
  - b. Capital expenditure is balanced by capital funding sources, of which
    - i. Transfers recognised is reflected on the Financial Performance Budget;
    - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
    - iii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive and stable indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that the cash increases over the MTREF.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs.

**Table 18 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)**

Standard Classification Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16
<b>Revenue - Standard</b>									
<i>Governance and administration</i>	215 943	167 928	231 849	193 558	194 804	194 804	231 075	253 526	267 382
Executive and council	27 515	31 483	38 353	43 363	43 073	43 073	53 380	65 610	73 591
Budget and treasury office	143 626	127 745	137 194	147 919	148 772	148 772	169 661	179 861	188 464
Corporate services	44 803	8 700	56 303	2 277	2 959	2 959	8 034	8 055	5 328
<i>Community and public safety</i>	66 038	23 195	41 938	57 725	59 071	59 071	35 988	53 804	64 234
Community and social services	1 736	2 574	2 990	2 078	2 507	2 507	2 398	3 600	6 766
Sport and recreation	6 118	6 609	7 762	11 549	12 546	12 546	9 514	9 867	14 419
Public safety	9 337	10 048	12 541	12 393	12 343	12 343	13 184	13 093	14 079
Housing	48 848	3 965	18 645	31 705	31 675	31 675	10 892	27 243	28 969
Health	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	14 932	12 963	18 567	25 383	29 769	29 769	13 839	7 721	9 314
Planning and development	11 911	8 801	7 907	11 377	11 853	11 853	8 365	6 037	6 520
Road transport	2 691	3 863	10 595	13 938	17 608	17 608	5 397	1 600	2 700
Environmental protection	329	299	65	68	308	308	76	84	93
<i>Trading services</i>	356 023	456 833	461 748	509 446	501 339	501 339	541 022	579 775	602 325
Electricity	189 093	229 488	249 503	289 279	289 279	289 279	312 305	335 388	352 135
Water	76 312	108 189	96 579	99 562	94 062	94 062	96 872	106 070	111 585
Waste water management	53 541	79 550	68 756	67 584	64 927	64 927	72 155	77 967	75 459
Waste management	37 078	39 605	46 911	53 020	53 070	53 070	59 691	60 350	63 146
<i>Other</i>	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Standard</b>	<b>652 937</b>	<b>660 918</b>	<b>754 103</b>	<b>786 112</b>	<b>784 983</b>	<b>784 983</b>	<b>821 924</b>	<b>894 826</b>	<b>943 255</b>
<b>Expenditure - Standard</b>									
<i>Governance and administration</i>	110 149	190 332	205 256	120 523	120 584	120 584	126 949	146 621	150 550
Executive and council	38 862	58 811	67 621	64 562	65 843	65 843	66 276	75 146	79 304
Budget and treasury office	46 383	48 679	51 351	24 726	26 688	26 688	25 539	33 250	30 904
Corporate services	24 905	82 842	86 284	31 236	28 053	28 053	35 134	38 225	40 342
<i>Community and public safety</i>	83 864	124 992	83 226	122 599	123 182	123 182	114 489	132 786	151 719
Community and social services	25 861	24 079	26 064	30 554	31 128	31 128	32 137	33 840	36 083
Sport and recreation	17 449	15 378	16 070	21 105	20 931	20 931	23 042	24 979	26 929
Public safety	32 874	31 241	36 834	44 185	44 771	44 771	49 934	53 484	57 062
Housing	7 681	54 294	4 258	26 754	26 352	26 352	9 375	20 483	31 644
Health	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	111 966	116 245	112 994	135 645	132 471	132 471	139 791	148 212	154 339
Planning and development	21 743	35 519	36 263	31 326	32 719	32 719	37 498	38 304	40 801
Road transport	83 509	75 715	71 107	96 482	91 710	91 710	95 184	101 235	104 258
Environmental protection	6 714	5 011	5 624	7 837	8 042	8 042	7 110	8 672	9 280
<i>Trading services</i>	337 222	310 956	345 437	445 293	452 153	452 153	488 197	526 162	558 850
Electricity	171 365	177 473	198 902	244 304	242 679	242 679	272 285	275 899	295 013
Water	71 266	53 445	60 489	92 079	95 281	95 281	93 357	114 724	119 367
Waste water management	43 147	42 466	45 945	60 149	64 341	64 341	66 910	75 498	79 013
Waste management	51 445	37 573	40 102	48 760	49 851	49 851	55 645	60 041	65 458
<i>Other</i>	-	-	-	-	-	-	-	-	-
<b>Total Expenditure - Standard</b>	<b>643 201</b>	<b>742 525</b>	<b>746 914</b>	<b>824 059</b>	<b>828 389</b>	<b>828 389</b>	<b>869 426</b>	<b>953 780</b>	<b>1 015 458</b>
<b>Surplus/(Deficit) for the year</b>	<b>9 735</b>	<b>(81 607)</b>	<b>7 189</b>	<b>(37 947)</b>	<b>(43 407)</b>	<b>(43 407)</b>	<b>(47 503)</b>	<b>(58 954)</b>	<b>(72 203)</b>

**Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)**

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile ‘whole of government’ reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.

**Table 19 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)**

Vote Description R thousand	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Revenue by Vote</b>									
Vote 1 - Council	27 515	31 483	38 353	42 395	42 995	42 995	53 339	65 569	73 550
Vote 2 - Municipal Manager	-	-	-	-	-	-	-	-	-
Vote 3 - Management Services	892	1 264	1 476	1 216	1 216	1 216	910	961	962
Vote 4 - Finance	143 626	127 745	137 194	147 919	148 772	148 772	169 661	179 861	188 464
Vote 5 - Community Services	227 608	245 501	253 342	280 926	277 784	277 784	264 083	293 832	307 451
Vote 6 - Local Economic Development	7 520	2 817	3 750	5 214	6 431	6 431	2 968	1 200	1 200
Vote 7 - Infrastructure & Planning	236 438	242 061	307 447	295 950	295 442	295 442	317 779	340 309	357 549
Vote 8 - Protection Services	9 337	10 048	12 541	12 493	12 343	12 343	13 184	13 093	14 079
<b>Total Revenue by Vote</b>	<b>652 937</b>	<b>660 918</b>	<b>754 103</b>	<b>786 112</b>	<b>784 983</b>	<b>784 983</b>	<b>821 924</b>	<b>894 826</b>	<b>943 255</b>
<b>Expenditure by Vote to be appropriated</b>									
Vote 1 - Council	31 350	55 945	64 385	56 809	62 399	62 399	62 928	67 152	71 111
Vote 2 - Municipal Manager	879	2 872	3 243	1 949	1 520	1 520	1 014	1 041	1 120
Vote 3 - Management Services	10 899	32 796	30 872	11 031	8 495	8 495	14 798	16 424	17 460
Vote 4 - Finance	46 383	48 679	51 351	24 726	26 688	26 688	25 539	33 250	30 904
Vote 5 - Community Services	297 638	332 230	297 734	389 757	388 865	388 865	385 850	446 618	479 319
Vote 6 - Local Economic Development	3 068	5 845	7 716	8 303	10 397	10 397	11 199	10 756	11 385
Vote 7 - Infrastructure & Planning	220 110	232 916	254 779	287 299	285 253	285 253	318 707	325 628	347 695
Vote 8 - Protection Services	32 874	31 241	36 834	44 185	44 771	44 771	49 390	52 911	56 464
<b>Total Expenditure by Vote</b>	<b>643 201</b>	<b>742 525</b>	<b>746 914</b>	<b>824 059</b>	<b>828 389</b>	<b>828 389</b>	<b>869 426</b>	<b>953 780</b>	<b>1 015 458</b>
<b>Surplus/(Deficit) for the year</b>	<b>9 735</b>	<b>(81 607)</b>	<b>7 189</b>	<b>(37 947)</b>	<b>(43 407)</b>	<b>(43 407)</b>	<b>(47 503)</b>	<b>(58 954)</b>	<b>(72 203)</b>

**Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)**

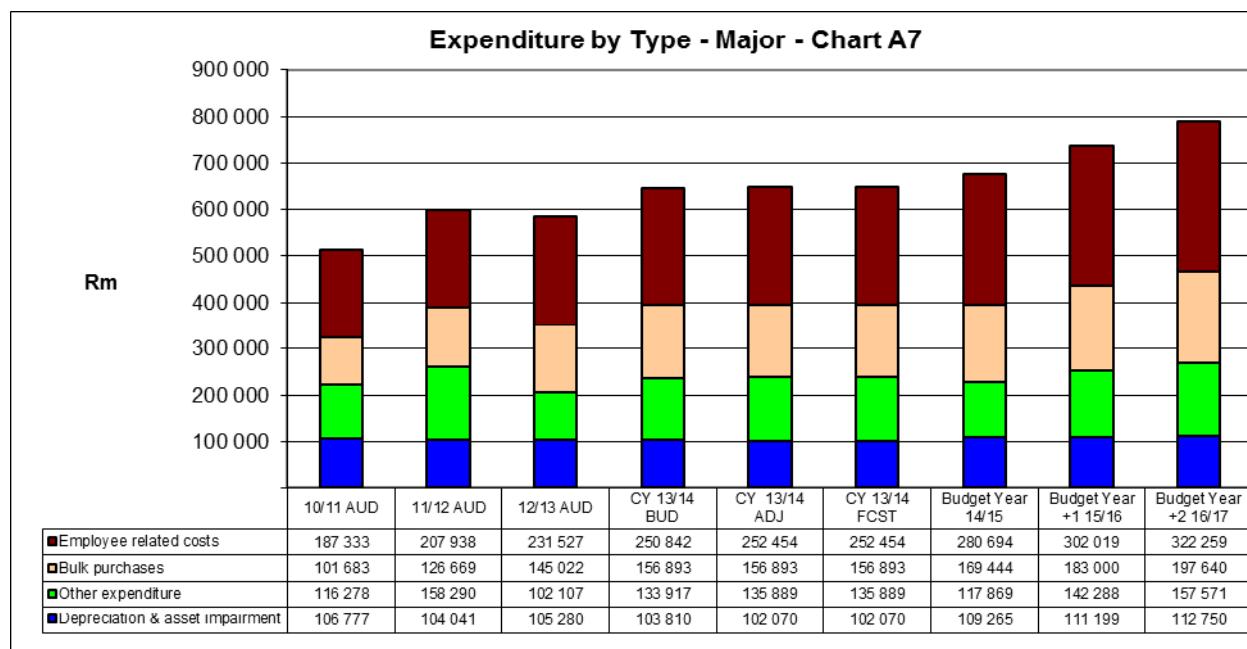
1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus or deficit for the electricity and water trading services.

**Table 20 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)**

Description R thousand	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Revenue By Source</b>									
Property rates	128 737	108 913	116 321	126 921	126 921	126 921	148 640	158 025	165 498
Property rates - penalties & collection charges	853	925	914	1 000	1 000	1 000	1 050	1 103	1 158
Service charges - electricity revenue	183 552	224 950	247 521	284 936	284 936	284 936	310 085	333 146	349 869
Service charges - water revenue	74 099	83 755	85 498	98 642	93 142	93 142	95 897	99 943	105 503
Service charges - sanitation revenue	50 381	57 212	57 223	60 917	62 827	62 827	63 455	66 997	70 759
Service charges - refuse revenue	36 945	39 498	46 788	52 934	52 934	52 934	56 130	59 500	63 074
Service charges - other									
Rental of facilities and equipment	6 532	6 743	7 208	8 551	8 551	8 551	7 966	8 739	9 615
Interest earned - external investments	3 705	6 881	7 553	7 714	7 018	7 018	6 166	6 210	6 255
Interest earned - outstanding debtors	2 463	2 331	2 199	2 204	2 204	2 204	2 288	2 234	2 322
Dividends received					-	-	-	-	-
Fines	5 469	5 278	6 644	6 079	7 529	7 529	7 965	7 378	7 817
Licences and permits	1 711	1 786	1 968	2 046	2 046	2 046	2 229	2 447	2 686
Agency services	1 790	1 912	2 025	2 250	2 255	2 255	2 480	2 727	3 000
Transfers recognised - operational	58 384	38 005	41 680	68 384	70 101	70 101	59 724	84 037	99 909
Other revenue	39 497	17 375	71 461	19 963	21 516	21 516	21 617	22 855	24 404
Gains on disposal of PPE	13 171	1 920			383	383			
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>607 290</b>	<b>597 482</b>	<b>695 005</b>	<b>742 541</b>	<b>743 363</b>	<b>743 363</b>	<b>785 691</b>	<b>855 339</b>	<b>911 867</b>
<b>Expenditure By Type</b>									
Employee related costs	187 333	207 938	231 527	250 842	252 454	252 454	280 694	302 019	322 259
Remuneration of councillors	4 840	6 717	7 084	7 577	7 978	7 978	8 516	9 069	9 702
Debt impairment	4 806	28	934						
Depreciation & asset impairment	106 777	104 041	105 280	103 810	102 070	102 070	109 265	111 199	112 750
Finance charges	19 373	31 727	37 310	42 292	42 292	42 292	44 535	46 691	48 839
Bulk purchases	101 683	126 669	145 022	156 893	156 893	156 893	169 444	183 000	197 640
Other materials	58 239	54 582	12 437	15 055	14 752	14 752	17 295	20 201	19 151
Contracted services	20 253	24 079	67 601	74 909	76 844	76 844	80 439	95 248	100 837
Transfers and grants	23 620	28 454	35 856	38 766	39 217	39 217	41 370	44 065	46 708
Other expenditure	116 278	158 290	102 107	133 917	135 889	135 889	117 869	142 288	157 571
<b>Total Expenditure</b>	<b>643 201</b>	<b>742 525</b>	<b>746 914</b>	<b>824 059</b>	<b>828 389</b>	<b>828 389</b>	<b>869 426</b>	<b>953 780</b>	<b>1 015 458</b>
<b>Surplus/(Deficit)</b>	(35 911)	(145 043)	(51 909)	(81 518)	(85 026)	(85 026)	(83 736)	(98 441)	(103 591)
Transfers recognised - capital	24 085	54 833	53 809	39 987	39 350	39 350	35 233	39 487	31 388
Contributions recognised - capital	21 561	8 603	5 289	3 583	1 083	1 083	1 000	-	-
Contributed assets					1 187	1 187			
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>9 735</b>	<b>(81 607)</b>	<b>7 189</b>	<b>(37 947)</b>	<b>(43 407)</b>	<b>(43 407)</b>	<b>(47 503)</b>	<b>(58 954)</b>	<b>(72 203)</b>
Taxation									
<b>Surplus/(Deficit) after taxation</b>	<b>9 735</b>	<b>(81 607)</b>	<b>7 189</b>	<b>(37 947)</b>	<b>(43 407)</b>	<b>(43 407)</b>	<b>(47 503)</b>	<b>(58 954)</b>	<b>(72 203)</b>
Attributable to minorities									
<b>Surplus/(Deficit) attributable to municipality</b>	<b>9 735</b>	<b>(81 607)</b>	<b>7 189</b>	<b>(37 947)</b>	<b>(43 407)</b>	<b>(43 407)</b>	<b>(47 503)</b>	<b>(58 954)</b>	<b>(72 203)</b>
Share of surplus/ (deficit) of associate									
<b>Surplus/(Deficit) for the year</b>	<b>9 735</b>	<b>(81 607)</b>	<b>7 189</b>	<b>(37 947)</b>	<b>(43 407)</b>	<b>(43 407)</b>	<b>(47 503)</b>	<b>(58 954)</b>	<b>(72 203)</b>

## Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue is R743 million in 2013/2014 and increase to R786 by 2014/15. This represents a year-on-year increase of 5.8 per cent for the 2014/15 financial year.
2. Revenue to be generated from property rates is R127 million in the 2013/2014 financial year and increases to R148 million by 2014/15 which represents 19 per cent of the operating revenue base of the Municipality and therefore remains a significant funding source for the municipality.
3. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R494 million for the 2013/2014 financial year and increasing to R526 million by 2014/15. For the 2014/15 financial year services charges amount to 66.9 per cent of the total revenue base.
4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government.
5. The following graph illustrates the major expenditure items per type.



**Figure 3 Expenditure by major type**

6. Bulk purchases have significantly increased over the 2010/11 to 2016/17 period escalating from R102 million to R198 million. These increases can be attributed to the substantial increase in the cost of bulk electricity from Eskom.
7. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

**Table 21 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source**

Vote Description R thousand	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Capital expenditure - Vote</b>									
<b>Multi-year expenditure to be appropriated</b>									
Vote 1 - Council	-	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager	-	-	-	-	-	-	-	-	-
Vote 3 - Management Services	1 748	928	1 274	1 439	1 869	1 869	850	-	-
Vote 4 - Finance	-	-	-	-	-	-	-	-	-
Vote 5 - Community Services	90 266	119 308	110 111	68 764	83 280	83 280	71 638	66 662	58 718
Vote 6 - Local Economic Development	6 973	-	945	-	-	-	-	-	-
Vote 7 - Infrastructure & Planning	55 111	42 394	31 434	39 694	41 333	41 333	20 485	19 500	22 500
Vote 8 - Protection Services	19	645	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	<b>154 117</b>	<b>163 275</b>	<b>143 764</b>	<b>109 897</b>	<b>126 482</b>	<b>126 482</b>	<b>92 972</b>	<b>86 162</b>	<b>81 218</b>
<b>Single-year expenditure to be appropriated</b>									
Vote 1 - Council	-	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager	-	-	-	-	-	-	-	-	-
Vote 3 - Management Services	-	-	-	-	-	-	-	-	-
Vote 4 - Finance	-	-	-	-	-	-	-	-	-
Vote 5 - Community Services	-	-	-	-	-	-	-	-	-
Vote 6 - Local Economic Development	-	-	-	-	-	-	-	-	-
Vote 7 - Infrastructure & Planning	-	-	-	-	-	-	-	-	-
Vote 8 - Protection Services	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Expenditure - Vote</b>	<b>154 117</b>	<b>163 275</b>	<b>143 764</b>	<b>109 897</b>	<b>126 482</b>	<b>126 482</b>	<b>92 972</b>	<b>86 162</b>	<b>81 218</b>
<b>Capital Expenditure - Standard</b>									
<i>Governance and administration</i>									
Executive and council	28 713	24 047	7 154	9 977	11 301	11 301	16 034	2 675	8 830
Budget and treasury office									
Corporate services	28 713	24 047	7 154	9 977	11 301	11 301	16 034	2 675	8 830
<i>Community and public safety</i>									
Community and social services	8 880	3 319	7 268	16 405	20 498	20 498	17 238	18 839	13 800
Sport and recreation			327	4 666		3 652	3 652	3 890	
Public safety	1 743	1 531	2 601	5 225	5 696	5 696	3 039	2 939	6 800
Housing	19	645	-						
Health	7 118	817	-	11 180	11 150	11 150	10 309	15 900	7 000
<i>Economic and environmental services</i>									
Planning and development	27 896	8 340	25 552	17 870	16 228	16 228	5 400	4 900	4 000
Road transport	6 973	2 864	945						
Environmental protection	20 923	5 477	24 607	17 870	16 228	16 228	5 400	4 900	4 000
<i>Trading services</i>									
Electricity	88 628	127 569	103 790	65 644	78 455	78 455	54 300	59 748	54 588
Water	32 411	30 061	26 768	37 194	39 229	39 229	17 000	18 500	18 500
Waste water management	34 053	57 384	50 766	15 900	23 832	23 832	13 800	26 594	26 488
Waste management	20 304	39 927	20 728	11 150	12 353	12 353	13 300	14 654	9 600
<i>Other</i>	1 859	196	5 528	1 400	3 041	3 041	10 200		
<b>Total Capital Expenditure - Standard</b>	<b>154 117</b>	<b>163 275</b>	<b>143 764</b>	<b>109 897</b>	<b>126 482</b>	<b>126 482</b>	<b>92 972</b>	<b>86 162</b>	<b>81 218</b>
<b>Funded by:</b>									
National Government	17 443	40 212	36 911	22 355	22 105	22 105	22 674	23 587	24 388
Provincial Government	6 348	14 621	16 898	13 673	13 742	13 742	12 559	15 900	7 000
District Municipality					-	-			
Other transfers and grants					187	187	1 000		
Transfers recognised - capital	23 791	54 833	53 809	36 028	36 034	36 034	36 233	39 487	31 388
Public contributions & donations	4 966	14 300	5 067	3 583	2 083	2 083			
Borrowing	86 942	73 964	67 544	59 861	73 427	73 427	46 725	45 000	45 000
Internally generated funds	38 418	20 178	17 345	10 425	14 939	14 939	10 014	1 675	4 830
<b>Total Capital Funding</b>	<b>154 117</b>	<b>163 275</b>	<b>143 764</b>	<b>109 897</b>	<b>126 482</b>	<b>126 482</b>	<b>92 972</b>	<b>86 162</b>	<b>81 218</b>

**Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source**

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. The capital expenditure amounts to R93 million in 2014/15.
3. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality.
4. The capital programme is funded from national and provincial grants and transfers, public contributions and donations, borrowing and internally generated funds from previous year surpluses. For 2014/15, capital transfers totals R36 million. Borrowing has been provided at R40 million, finance leases at R6,7 million and internally generated funding totaling R10 million. These funding sources are further discussed in detail in 2.6 (Overview of Budget Funding).

**Table 22 MBRR Table A6 - Budgeted Financial Position**

Description R thousand	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>ASSETS</b>									
Current assets									
Cash	20 004	51 699	29 106	84 406	84 406	84 406	88 050	93 014	96 452
Call investment deposits	50 000	75 000	55 042	-	-	-	-	-	-
Consumer debtors	44 422	50 361	49 080	50 826	50 826	50 826	52 591	53 446	53 828
Other debtors	45 628	36 501	46 353	40 769	45 386	45 386	50 390	45 802	54 847
Current portion of long-term receivables	24	25	17	14	14	14	14	12	10
Inventory	51 567	16 446	18 937	7 486	11 628	11 628	12 092	12 585	13 108
<b>Total current assets</b>	<b>211 644</b>	<b>230 033</b>	<b>198 535</b>	<b>183 501</b>	<b>192 260</b>	<b>192 260</b>	<b>203 138</b>	<b>204 860</b>	<b>218 245</b>
Non current assets									
Long-term receivables	147	126	84	73	73	73	57	45	33
Investments	1 262	5 691	11 597	16 379	16 379	16 379	22 207	27 825	33 508
Investment property	87 989	104 673	175 866	87 289	175 866	175 866	175 866	175 866	175 866
Investment in Associate									
Property, plant and equipment	3 024 361	3 073 014	3 105 649	3 080 474	3 085 945	3 085 945	3 069 175	3 044 510	3 013 351
Agricultural									
Biological									
Intangible	2 838	3 547	4 449	4 043	4 449	4 449	4 926	4 553	4 181
Other non-current assets	27 902	22 049	1 025	-	39 500	39 500	39 500	39 500	-
<b>Total non current assets</b>	<b>3 144 498</b>	<b>3 209 100</b>	<b>3 298 669</b>	<b>3 188 259</b>	<b>3 322 212</b>	<b>3 322 212</b>	<b>3 311 731</b>	<b>3 292 299</b>	<b>3 226 939</b>
<b>TOTAL ASSETS</b>	<b>3 356 142</b>	<b>3 439 132</b>	<b>3 497 204</b>	<b>3 371 760</b>	<b>3 514 472</b>	<b>3 514 472</b>	<b>3 514 869</b>	<b>3 497 159</b>	<b>3 445 184</b>
<b>LIABILITIES</b>									
Current liabilities									
Bank overdraft									
Borrowing	14 218	16 798	18 241	20 623	20 623	20 623	25 105	28 542	31 528
Consumer deposits	18 363	31 206	34 932	38 618	38 618	38 618	41 321	44 214	47 309
Trade and other payables	90 828	67 728	74 643	64 237	62 036	62 036	55 831	64 870	55 956
Provisions	6 471	21 847	27 670	6 831	6 831	6 831	31 592	33 956	36 113
<b>Total current liabilities</b>	<b>129 879</b>	<b>137 580</b>	<b>155 486</b>	<b>130 310</b>	<b>128 109</b>	<b>128 109</b>	<b>153 849</b>	<b>171 582</b>	<b>170 906</b>
Non current liabilities									
Borrowing	247 081	341 204	364 654	391 789	391 789	391 789	411 766	428 224	441 696
Provisions	97 414	111 097	119 319	135 325	135 325	135 325	137 501	144 548	151 960
<b>Total non current liabilities</b>	<b>344 496</b>	<b>452 301</b>	<b>483 973</b>	<b>527 115</b>	<b>527 115</b>	<b>527 115</b>	<b>549 267</b>	<b>572 772</b>	<b>593 655</b>
<b>TOTAL LIABILITIES</b>	<b>474 375</b>	<b>589 880</b>	<b>639 459</b>	<b>657 425</b>	<b>655 224</b>	<b>655 224</b>	<b>703 116</b>	<b>744 353</b>	<b>764 562</b>
<b>NET ASSETS</b>	<b>2 881 767</b>	<b>2 849 252</b>	<b>2 857 746</b>	<b>2 714 336</b>	<b>2 859 249</b>	<b>2 859 249</b>	<b>2 811 753</b>	<b>2 752 806</b>	<b>2 680 622</b>
<b>COMMUNITY WEALTH/EQUITY</b>									
Accumulated Surplus/(Deficit)	2 564 679	2 847 332	2 855 854	2 397 233	2 857 322	2 857 322	2 809 819	2 750 865	2 678 662
Reserves	317 089	1 920	1 891	317 103	1 927	1 927	1 934	1 941	1 960
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>2 881 767</b>	<b>2 849 252</b>	<b>2 857 746</b>	<b>2 714 336</b>	<b>2 859 249</b>	<b>2 859 249</b>	<b>2 811 753</b>	<b>2 752 806</b>	<b>2 680 622</b>

## **Explanatory notes to Table A6 - Budgeted Financial Position**

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is largely aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table 62 is supported by an extensive table of notes (SA3 which can be found on page 95) providing a detailed analysis of the major components of a number of items, including:
  - Call investments deposits;
  - Consumer debtors;
  - Property, plant and equipment;
  - Trade and other payables;
  - Provisions non-current;
  - Changes in net assets; and
  - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

**Table 23 MBRR Table A7 - Budgeted Cash Flow Statement**

Description R thousand	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>									
<b>Receipts</b>									
Ratepayers and other	522 926	577 470	591 940	652 431	708 215	708 215	710 750	766 599	793 973
Government - operating	64 071	37 750	44 908	68 984	70 101	70 101	61 974	84 037	99 909
Government - capital	26 431	54 833	53 809	42 971	41 620	41 620	33 983	39 487	31 388
Interest	6 168	9 211	9 752	9 918	9 222	9 222	8 454	8 443	8 577
Dividends									
<b>Payments</b>									
Suppliers and employees	(510 106)	(520 159)	(551 464)	(622 122)	(654 985)	(654 985)	(653 990)	(733 868)	(807 028)
Finance charges	(19 373)	(31 669)	(37 174)	(42 292)	(42 292)	(42 292)	(44 535)	(46 691)	(48 839)
Transfers and Grants	(23 620)	(28 454)	(35 856)	(38 766)	(39 217)	(39 217)	(41 370)	(44 065)	(46 708)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>66 499</b>	<b>98 981</b>	<b>75 915</b>	<b>71 124</b>	<b>92 664</b>	<b>92 664</b>	<b>75 266</b>	<b>73 943</b>	<b>31 272</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>									
<b>Receipts</b>									
Proceeds on disposal of PPE	23 447	13 722	1 725	-	4 617	4 617	-	-	-
Decrease (Increase) in non-current debtors	17 137	2 189	-	-	1 025	1 025	-	-	39 500
Decrease (increase) other non-current receivables	29	20	50	48	14	14	15	14	14
Decrease (increase) in non-current investments	(1 262)	(4 430)	(4 960)	(5 359)	(4 783)	(4 783)	(5 827)	(5 618)	(5 683)
<b>Payments</b>									
Capital assets	(150 497)	(163 275)	(143 764)	(109 897)	(126 482)	(126 482)	(92 972)	(86 162)	(81 218)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(111 146)</b>	<b>(151 774)</b>	<b>(146 949)</b>	<b>(115 209)</b>	<b>(125 609)</b>	<b>(125 609)</b>	<b>(98 785)</b>	<b>(91 765)</b>	<b>(47 387)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>									
<b>Receipts</b>									
Short term loans	-	940	(389)	-	-	-	5 520	(1 176)	(1 323)
Borrowing long term/refinancing	90 000	110 000	38 700	51 300	51 300	51 300	40 000	45 000	45 000
Increase (decrease) in consumer deposits	4 469	12 844	3 726	3 704	3 686	3 686	2 703	2 893	3 095
<b>Payments</b>									
Repayment of borrowing	(9 442)	(14 295)	(13 554)	(18 032)	(21 783)	(21 783)	(21 061)	(23 929)	(27 220)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>85 027</b>	<b>109 489</b>	<b>28 482</b>	<b>36 973</b>	<b>33 204</b>	<b>33 204</b>	<b>27 163</b>	<b>22 787</b>	<b>19 553</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>									
Cash/cash equivalents at the year begin:	40 380	56 696	(42 552)	(7 112)	259	259	3 644	4 964	3 437
Cash/cash equivalents at the year end:	29 623	70 004	126 699	91 518	84 147	84 147	84 406	88 050	93 014
	70 004	126 699	84 147	84 406	84 406	84 406	88 050	93 014	96 452

### **Explanatory notes to Table A7 - Budgeted Cash Flow Statement**

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. It can be seen that the cash levels of the Municipality remained steady over the 2013/2014 to 2016/17 period.
4. The 2014/15 MTREF has been informed by the planning principle of ensuring adequate cash over the medium-term.
5. Cash and cash equivalents totals R89 million as at the end of the 2014/2015 financial year and increases to R100 million by 2016/17.

**Table 24 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation**

Description R thousand	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Cash and investments available</b>									
Cash/cash equivalents at the year end	70 004	126 699	84 147	84 406	84 406	84 406	88 050	93 014	96 452
Other current investments > 90 days	0	0	-	-	-	-	-	-	-
Non current assets - Investments	1 262	5 691	11 597	16 379	16 379	16 379	22 207	27 825	33 508
<b>Cash and investments available:</b>	<b>71 265</b>	<b>132 391</b>	<b>95 744</b>	<b>100 786</b>	<b>100 786</b>	<b>100 786</b>	<b>110 257</b>	<b>120 839</b>	<b>129 960</b>
<b>Application of cash and investments</b>									
Unspent conditional transfers	9 955	4 555	7 783	-	-	-	-	-	-
Unspent borrowing	-	18 255	-	-	-	-	-	-	-
Statutory requirements									
Other working capital requirements	(7 780)	(28 049)	(20 695)	(25 504)	(40 374)	(40 374)	(45 912)	(34 619)	(51 170)
Other provisions									
Long term investments committed	1 262	5 691	11 597	16 379	16 379	16 379	22 207	27 825	33 508
<b>Total Application of cash and investments:</b>	<b>3 437</b>	<b>453</b>	<b>(1 315)</b>	<b>(9 124)</b>	<b>(23 994)</b>	<b>(23 994)</b>	<b>(23 705)</b>	<b>(6 795)</b>	<b>(17 662)</b>
<b>Surplus(shortfall)</b>	<b>67 829</b>	<b>131 938</b>	<b>97 059</b>	<b>109 910</b>	<b>124 780</b>	<b>124 780</b>	<b>133 962</b>	<b>127 634</b>	<b>147 621</b>

## **Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation**

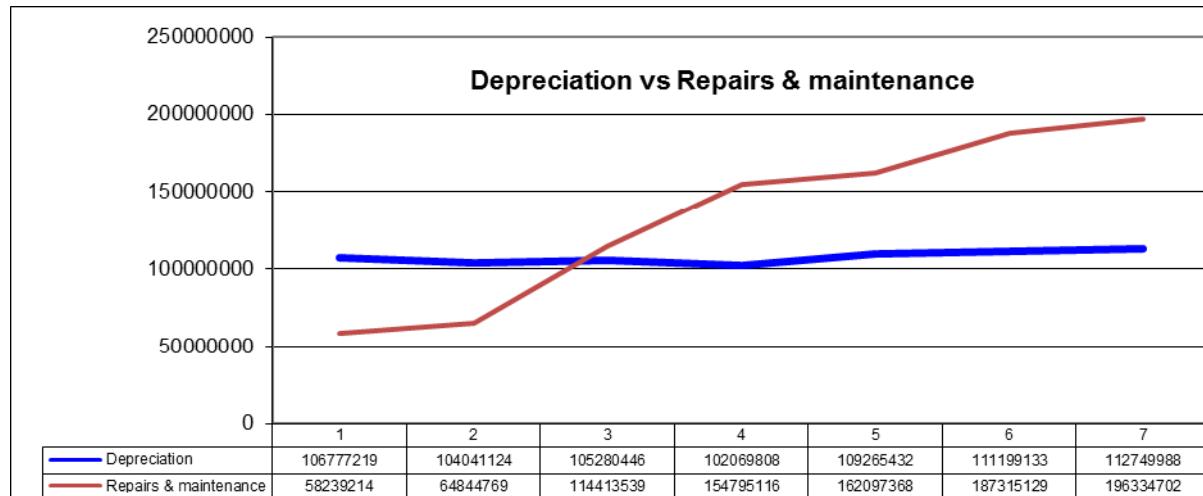
1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be “funded”.
4. As part of the budgeting and planning guidelines that informed the compilation of the 2014/15 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.
5. As can be seen the budget has been modelled to ensure that the budget is funded.

**Table 25 MBRR Table A9 - Asset Management**

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand									
<b>CAPITAL EXPENDITURE</b>									
<b>Total New Assets</b>	154 117	163 275	139 617	70 731	77 825	77 825	92 972	86 162	81 218
Infrastructure - Road transport	20 923	12 754	15 578	9 160	9 360	9 360	6 200	6 900	5 000
Infrastructure - Electricity	32 411	30 061	22 203	23 894	25 886	25 886	17 000	18 500	18 500
Infrastructure - Water	34 053	57 384	48 634	7 300	8 392	8 392	13 800	26 594	26 488
Infrastructure - Sanitation	15 142	32 650	16 478	9 150	9 180	9 180	12 500	12 654	8 600
Infrastructure - Other	1 859	196	5 359	1 400	3 041	3 041	10 200	-	-
Infrastructure	104 389	133 045	108 252	50 904	55 858	55 858	59 700	64 648	58 588
Community	17 814	6 183	20 997	13 189	13 609	13 609	20 722	19 839	17 800
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	31 796	23 118	9 038	6 638	8 358	8 358	12 550	1 675	4 830
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	118	928	1 330	-	-	-	-	-	-
<b>Total Renewal of Existing Assets</b>	-	-	4 147	39 166	48 657	48 657	-	-	-
Infrastructure - Road transport	-	-	131	8 710	7 069	7 069	-	-	-
Infrastructure - Electricity	-	-	-	13 300	13 344	13 344	-	-	-
Infrastructure - Water	-	-	-	8 600	15 440	15 440	-	-	-
Infrastructure - Sanitation	-	-	-	2 000	2 974	2 974	-	-	-
Infrastructure - Other	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	131	32 610	38 826	38 826	-	-	-
Community	-	-	756	5 716	8 992	8 992	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	-	-	3 260	-	-	-	-	-	-
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	-	-	-	839	839	839	-	-	-
<b>Total Capital Expenditure</b>	20 923	12 754	15 709	17 870	16 428	16 428	6 200	6 900	5 000
Infrastructure - Road transport	32 411	30 061	22 203	37 194	39 229	39 229	17 000	18 500	18 500
Infrastructure - Electricity	34 053	57 384	48 634	15 900	23 832	23 832	13 800	26 594	26 488
Infrastructure - Water	15 142	32 650	16 478	11 150	12 153	12 153	12 500	12 654	8 600
Infrastructure - Sanitation	1 859	196	5 359	1 400	3 041	3 041	10 200	-	-
Infrastructure	104 389	133 045	108 283	83 514	94 684	94 684	59 700	64 648	58 588
Community	17 814	6 183	21 753	18 905	22 602	22 602	20 722	19 839	17 800
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	31 796	23 118	12 298	6 638	8 358	8 358	12 550	1 675	4 830
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	118	928	1 330	839	839	839	-	-	-
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>	154 117	163 275	143 764	109 897	126 482	126 482	92 972	86 162	81 218
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>									
Infrastructure - Road transport	969 647	946 061	946 309	809 135	931 864	931 864	906 551	881 740	854 553
Infrastructure - Electricity	601 522	600 736	608 753	632 360	626 333	626 333	620 545	616 022	611 097
Infrastructure - Water	378 195	419 500	454 017	478 605	460 425	460 425	453 857	459 080	463 823
Infrastructure - Sanitation	358 175	379 653	380 883	375 354	378 909	378 909	376 342	373 752	366 863
Infrastructure - Other	39 146	37 051	39 059	129 996	50 193	50 193	70 579	83 872	91 210
Infrastructure	2 346 686	2 383 007	2 429 027	2 425 450	2 447 724	2 447 724	2 427 874	2 414 466	2 387 546
Community	80 184	81 364	78 567	115 505	83 092	83 092	85 009	82 935	84 723
Heritage assets	76 995	108 552	99 322	76 995	99 322	99 322	99 322	99 322	99 322
Investment properties	87 989	104 673	175 866	87 289	175 866	175 866	175 866	175 866	175 866
Other assets	520 495	500 097	498 740	462 523	455 806	455 806	456 970	447 787	441 759
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	2 838	3 547	4 449	4 043	4 449	4 449	4 926	4 553	4 181
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	3 115 187	3 181 234	3 285 964	3 171 806	3 266 260	3 266 260	3 249 967	3 224 930	3 193 398
<b>EXPENDITURE OTHER ITEMS</b>									
<b>Depreciation &amp; asset impairment</b>	106 777	104 041	105 280	103 810	102 070	102 070	109 265	111 199	112 750
<b>Repairs and Maintenance by Asset Class</b>	58 239	64 845	114 414	163 360	154 795	154 795	162 097	187 315	196 335
Infrastructure - Road transport	25 980	25 843	42 236	62 485	63 816	63 816	68 562	74 899	78 492
Infrastructure - Electricity	3 998	4 601	14 105	27 457	21 945	21 945	25 528	23 859	25 415
Infrastructure - Water	3 568	6 892	21 502	28 574	27 464	27 464	26 794	36 728	36 961
Infrastructure - Sanitation	3 564	4 568	7 708	14 662	16 443	16 443	14 153	18 398	19 663
Infrastructure - Other	1 162	1 215	1 499	1 844	1 714	1 714	1 800	2 232	2 442
Infrastructure	38 277	43 120	87 048	135 022	131 387	131 387	136 837	152 116	162 973
Community	3 574	6 012	5 408	8 252	8 749	8 749	9 298	10 114	11 373
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	199	270	-	-	-	-	-	-	-
Other assets	16 195	15 443	21 958	20 086	14 666	14 666	15 963	21 086	21 989
<b>TOTAL EXPENDITURE OTHER ITEMS</b>	165 016	168 886	219 694	267 170	256 865	256 865	271 363	298 514	309 085
<b>Renewal of Existing Assets as % of total capex</b>	0.0%	0.0%	2.9%	35.6%	38.5%	38.5%	0.0%	0.0%	0.0%
<b>Renewal of Existing Assets as % of deprecn"</b>	0.0%	0.0%	3.9%	37.7%	47.7%	47.7%	0.0%	0.0%	0.0%
<b>R&amp;M as a % of PPE</b>	1.9%	2.1%	3.7%	5.3%	5.0%	5.0%	5.3%	6.2%	6.5%
<b>Renewal and R&amp;M as a % of PPE</b>	2.0%	2.0%	4.0%	6.0%	6.0%	6.0%	5.0%	6.0%	6.0%

#### Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. The following graph provides an analysis between depreciation and operational repairs and maintenance over the MTREF.



**Figure 4 Depreciation in relation to repairs and maintenance over the MTREF**

**Table 26 MBRR Table A10 - Basic Service Delivery Measurement**

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Household service targets</b>									
<i>Water:</i>									
Piped water inside dwelling	26 632	26 813	27 833	27 400	27 957	27 957	28 100	28 300	28 600
Piped water inside yard (but not in dwelling)	3 671	3 449	3 776	3 400	3 406	3 406	3 350	3 300	3 250
Using public tap (at least min.service level)									
Other water supply (at least min.service level)									
<i>Minimum Service Level and Above sub-total</i>	30 303	30 262	31 609	30 800	31 363	31 363	31 450	31 600	31 850
Using public tap (< min.service level)									
Other water supply (< min.service level)									
No water supply	-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>									
Total number of households	30 303	30 262	31 609	30 800	31 363	31 363	31 450	31 600	31 850
<i>Sanitation/sewerage:</i>									
Flush toilet (connected to sewerage)	18 679	19 082	20 354	19 620	19 975	19 975	20 030	20 125	20 290
Flush toilet (with septic tank)	11 624	11 180	11 255	11 180	11 388	11 388	11 420	11 475	11 560
Chemical toilet									
Pit toilet (ventilated)									
Other toilet provisions (> min.service level)									
<i>Minimum Service Level and Above sub-total</i>	30 303	30 262	31 609	30 800	31 363	31 363	31 450	31 600	31 850
Bucket toilet									
Other toilet provisions (< min.service level)									
No toilet provisions	-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>									
Total number of households	30 303	30 262	31 609	30 800	31 363	31 363	31 450	31 600	31 850
<i>Energy:</i>									
Electricity (at least min.service level)	12 500	10 500	9 500	9 000	9 000	9 000	8 700	8 400	8 000
Electricity - prepaid (min.service level)	12 300	14 700	16 100	16 900	16 900	16 900	17 700	18 500	19 300
<i>Minimum Service Level and Above sub-total</i>	24 800	25 200	25 600	25 900	25 900	25 900	26 400	26 900	27 300
Electricity (< min.service level)									
Electricity - prepaid (< min. service level)									
Other energy sources									
<i>Below Minimum Service Level sub-total</i>	-	-	-	1 870	1 600	1 600	1 000	500	-
Total number of households	24 800	25 200	25 600	27 770	27 500	27 500	27 400	27 400	27 300
<i>Refuse:</i>									
Removed at least once a week	31 357	31 373	31 739	31 800	31 800	31 800	32 691	33 671	34 681
<i>Minimum Service Level and Above sub-total</i>	31 357	31 373	31 739	31 800	31 800	31 800	32 691	33 671	34 681
Removed less frequently than once a week									
Using communal refuse dump									
Using own refuse dump									
Other rubbish disposal									
No rubbish disposal									
<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
Total number of households	31 357	31 373	31 739	31 800	31 800	31 800	32 691	33 671	34 681
<b>Households receiving Free Basic Service</b>									
Water (6 kilolites per household per month)	29 640	29 763	27 752	37 921	6 552	6 552	6 700	6 800	6 900
Sanitation (free minimum level service)	5 300	5 800	6 423	6 320	6 552	6 552	6 700	6 800	6 900
Electricity/other energy (50kwh per household per month)	2 700	3 700	4 100	4 350	4 350	4 350	4 785	5 260	5 790
Refuse (removed at least once a week)	5 300	5 800	6 423	6 320	6 552	6 552	6 700	6 800	6 900
<b>Cost of Free Basic Services provided (R'000)</b>									
Water (6 kilolites per household per month)	5 058	5 463		7 286	7 286	7 286	7 723	8 186	8 677
Sanitation (free sanitation service)	7 356	4 422		6 538	6 538	6 538	6 930	7 346	7 787
Electricity/other energy (50kwh per household per month)	11 085	12 233		14 336	17 287	17 287	18 809	19 090	19 371
Refuse (removed once a week)	6 048	6 531		8 655	8 655	8 655	9 174	9 725	10 308
Total cost of FBS provided (minimum social package)	29 547	28 649	-	36 815	39 766	39 766	42 637	44 347	46 143
<b>Highest level of free service provided</b>									
Property rates (R value threshold)	50 000	50 000	100 000	100 000	100 000	100 000	100 000	100 000	100 000
Water (kilolites per household per month)	6	6	6	6	6	6	6	6	6
Sanitation (kilolites per household per month)	4	4	4	4	4	4	4	4	4
Sanitation (Rand per household per month)	47	51	54	58	58	58	61	65	69
Electricity (kwh per household per month)	50	50	50	50	50	50	50	50	50
Refuse (average litres per week)	210	210	210	210	210	210	210	210	210
<b>Revenue cost of free services provided (R'000)</b>									
Property rates (R15 000 threshold rebate)	1 621	1 735	1 837	1 965	1 965	1 965	1 965	1 965	1 965
Property rates (other exemptions, reductions and rebates)				26 522	26 522	26 522	26 522	26 522	26 522
Water	5 058	5 463	7 149	6 826	7 816	7 816	8 285	8 782	9 309
Sanitation	7 356	7 945	5 540	6 538	6 057	6 057	6 420	6 806	7 214
Electricity/other energy	11 085	12 233	13 670	2 030	14 945	14 945	15 842	16 792	17 800
Refuse	6 048	6 531	9 099	8 655	9 948	9 948	10 545	11 178	11 848
Municipal Housing - rental rebates	27 250	15 176	-	-	-	-	-	-	-
Housing - top structure subsidies									
Other									
Total revenue cost of free services provided (total social package)	58 418	49 083	37 295	52 536	67 253	67 253	69 579	72 045	74 658

### **Explanatory notes to Table A10 - Basic Service Delivery Measurement**

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. Good progress is being made with the eradication of current services backlogs. Housing remains a challenge.
  - a. Electricity services – the current backlog should be eliminated in two years.
3. The budget provides for 6 500 households to be registered as indigent in 2014/15, and therefore entitled to receiving Free Basic Services. The number is set to increase over the MTREF, especially by poor people seeking economic opportunities.
4. It is anticipated that these Free Basic Services will cost the municipality R42 million in 2014/15. This is covered by the municipality's equitable share allocation from national government.
5. In addition to the Free Basic Services, other rates rebates also apply to households.

## Part 2 – Supporting Documentation

### 2.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the MMC for Finance.

The primary aims of the Budget Steering Committee are to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

#### 2.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2013) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required IDP and budget time schedule on 28 August 2013. Key dates applicable to the process were:

- **19 September 2013** – Joint strategic planning session of the Mayoral Committee and Executive Management. Aim: to review past performance trends of the capital and operating budgets, the economic realities and to set the prioritisation criteria for the compilation of the 2014/15 MTREF;
- **25 September 2013** – Mayoral directional IDP/Budget speech;
- **September/October 2013** – IDP consultation sessions were held with the ward committees and broader stakeholders (service organisations) to gather information on the “community needs” per ward. This initiative was executed as part of the municipality’s 2014/15 IDP review process consultation meetings with ward committees to identify community needs;
- **September/October 2013** – Review of the draft capital budget with reference to the 2013/2014 MTREF and ward committees submit draft ward specific projects;
- **October 2013** – Submission of tariff proposals and tariff workshops
- **November 2013** – Top management meeting to discuss budget proposals and affordability;
- **November 2013** – Workshop on tariffs and tariff related policies;
- **November/December 2013** – Mid-year review by the BSC of the 2013/2014 progress and review of 2014-2017 draft operational expenditure including financial forecasting and scenario considerations;
- **January 2014** – Tariff finalisation, review budget related policies, discussions on draft 2014/2015 Capex & Opex;
- **22 January 2014** - Council considered the 2013/2014 Mid-year Review;
- **29 January 2014** – Final tariffs and adjustments budget review;
- **3&4 February 2014** – Finalisation of adjustments budget;

- **19 February 2014** – Workshop with councillors with regards to the adjustments budget;
- **19 February 2014** – OMAF;
- **21 February 2014** – BSC finalises draft Capex/Opex;
- **March 2014** – Budget office finalises budget report;
- **20 March 2014** - Tabling in Council of the draft 2014/15 IDP and 2014/15 MTREF for public consultation;
- **April 2014** – Public consultation;
- **April 2014** – OMAF meeting;
- **29 April 2014** – LG MTEC3 engagement;
- **30 April 2014** - Closing date for written comments;
- **2 to 20 May 2014** – finalisation of the 2014/15 IDP and 2014/15 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework;
- **21 May 2014** – Distribution of final budget report to councillors; and
- **28 May 2014** - Tabling of the 2014/15 MTREF in Council for consideration and approval.

### **2.1.2 IDP and Service Delivery and Budget Implementation Plan**

This is the further review of the five year (2012/2017) IDP as adopted by Council in May 2012. The review process started in September 2013 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2014/15 MTREF in August 2013.

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2014/15 MTREF, based on the approved 2013/2014 MTREF, mid-year review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2014/15 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2013/2014 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

### **2.1.3 Financial Modelling and Key Planning Drivers**

As part of the compilation of the 2014/15 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2014/15 MTREF:

- Municipality growth
- Policy priorities and strategic objectives

- Asset maintenance
- Economic climate and trends (i.e inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- The approved 2013/2014 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Loan and investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circular 70 has been taken into consideration in the planning and prioritisation process.

#### **2.1.4 Community Consultation on the Draft Budget**

The draft 2014/15 MTREF, to be tabled in Council on 20 March 2014 will be available to the community as follows:

Copies of this document could be viewed:

- At the offices of all Area Managers
- All public libraries within the municipality
- At the website: [www.overstrand.gov.za](http://www.overstrand.gov.za)

The tabling of the draft budget will be advertised in all local newspapers and a copy of the advertisement will be available on the notice boards at municipal offices and libraries. Furthermore, an OMAF meeting, where all ward committees are represented, will be held in the municipal auditorium in April 2014. All documents in the appropriate format (electronic and printed) will be provided to National Treasury and Provincial Treasury in accordance with section 23 of the MFMA, to provide an opportunity for comment. Public meetings and ward Committees will be utilised to facilitate the community consultation process during April 2014. Submissions received during the community consultation process will be considered.

Submissions received during the community consultation process and additional information regarding revenue and expenditure and individual capital projects will be addressed, and where relevant, considered as part of the finalisation of the 2014/15 MTREF. Feedback to submissions will be provided.

## **2.2 Overview of alignment of annual budget with IDP**

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realised through a credible integrated developmental planning process. Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery. Integrated developmental planning in the South African context is amongst others,

an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality. It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPIs);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2014/15 MTREF and further planning refinements that have directly informed the compilation of the budget:

**Table 27 IDP Strategic Objectives**

<b>2013/2014 Financial Year</b>	<b>2014/15 MTREF</b>
Provision of democratic and accountable governance	The provision of democratic, accountable and ethical governance
Provision and maintenance of municipal services	The provision and maintenance of municipal services
Encouragement of structured community participation in the matters of the municipality	The encouragement of structured community participation in the matters of the municipality
The creation and maintenance of a safe and healthy environment	The creation and maintenance of a safe and healthy environment
The promotion of tourism, economic and social development	The promotion of tourism, economic and social development

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

Provision of quality basic services and infrastructure which includes, amongst others:

- Provide electricity;
- Provide water;
- Provide sanitation;
- Provide waste removal;
- Provide housing;
- Provide roads and storm water;
- Provide municipality planning services; and
- Maintaining the infrastructure of the Municipality.

Economic growth and development that leads to sustainable job creation by:

- Ensuring there is a clear structural plan for the Municipality;
- Ensuring planning processes function in accordance with set timeframes;
- Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.

Fight poverty and build clean, healthy, safe and sustainable communities:

- Effective implementation of the Indigent Policy;
- Extending waste removal services and ensuring effective municipality cleansing;
- Ensuring all waste water treatment works are operating optimally;
- Working with strategic partners such as SAPS to address crime;
- Ensuring safe working environments by effective enforcement of building and health regulations;
- Promote viable, sustainable communities through proper zoning; and
- Promote environmental sustainability by protecting wetlands and key open spaces.

Integrated Social Services for empowered and sustainable communities

- Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinated with the informal settlements upgrade programme

Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service by:

- Optimising effective community participation in the ward committee system; and
- Implementing Batho Pele in the revenue management strategy.

Promote sound governance through:

- Publishing the outcomes of all tender processes on the municipal website

Ensure financial sustainability through:

- Reviewing the use of contracted services
- Continuing to implement the infrastructure maintenance strategy and the repairs and maintenance plan

Optimal institutional transformation to ensure capacity to achieve set objectives

- Review of the organisational structure to optimize the use of personnel;

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by the Municipality by identifying the key performance areas to achieve the five the strategic objectives mentioned above.

In addition to the five-year IDP, the Municipality undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years for infrastructure planning. This process is aimed at influencing the development path to restructure current patterns of settlement, activity and access to resources in the Municipality so as to promote greater equity and enhanced opportunity. It provides direction to the Municipality's IDP, associated sectorial plans and strategies, and the allocation of resources of the Municipality and other service delivery partners.

This development strategy introduces important policy shifts which have further been translated into seven strategic focus areas/objectives as outlined below:

- Developing dormant areas;
- Enforcing hard development lines – so as to direct private investment;
- Maintaining existing urban areas;
- Strengthening key economic clusters;
- Building social cohesion;
- Strong developmental initiatives in relation to the municipal institution as a whole; and
- Sound financial fundamentals.

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of the revised IDP of the 2012/2017 cycle, including:

- Strengthening the analysis and strategic planning processes of the Municipality;
- Initiating zonal planning processes that involve the communities in the analysis and planning processes. More emphasis was placed on area based interventions, within the overall holistic framework;
- Ensuring better coordination through a programmatic approach and attempting to focus the budgeting process through planning interventions; and
- Strengthening performance management and monitoring systems in ensuring the objectives and deliverables are achieved.

The 2014/15 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

**Table 28 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue**

Strategic Objective	Goal	Goal Code	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand											
The provision of democratic, accountable and ethical governance	Corporate Governance	1	281 846	187 130	271 986	258 008	157 589	157 589	183 297	193 973	203 347
The provision and maintenance of municipal services	Basic Service Delivery	2	356 023	456 833	461 748	509 446	533 310	533 310	558 054	593 550	621 902
The encouragement of structured community participation in the matters of the municipality	Community Participation	3				883	42 995	42 995	53 339	65 569	73 550
The creation and maintenance of a safe and healthy environment	Safe and Healthy Environment	4	9 666	10 346	12 606	12 561	12 651	12 651	13 260	13 177	14 172
The promotion of tourism, economic and social development	Economic Development and Social Upliftment	5	5 402	6 609	7 762	5 214	38 439	38 439	13 974	28 557	30 283
Allocations to other priorities											
Total Revenue (excluding capital transfers and contributions)			652 937	660 918	754 103	786 112	784 983	784 983	821 924	894 826	943 255

**Table 29 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure**

Strategic Objective	Goal	Goal Code	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand											
The provision of democratic, accountable and ethical governance	Corporate Governance	1	248 943	379 939	342 949	143 629	84 637	84 637	93 327	108 954	110 936
The provision and maintenance of municipal services	Basic Service Delivery	2	337 222	310 956	345 437	568 491	584 662	584 662	627 783	675 164	714 347
The encouragement of structured community participation in the matters of the municipality	Community Participation	3				50 423	62 399	62 399	62 928	67 152	71 111
The creation and maintenance of a safe and healthy environment	Safe and Healthy Environment	4	39 588	36 252	42 458	52 022	52 813	52 813	57 044	62 155	66 343
The promotion of tourism, economic and social development	Economic Development and Social Upliftment	5	17 449	15 378	16 070	9 495	43 878	43 878	28 345	40 355	52 721
Allocations to other priorities											
Total Expenditure			643 201	742 525	746 914	824 059	828 389	828 389	869 426	953 780	1 015 458

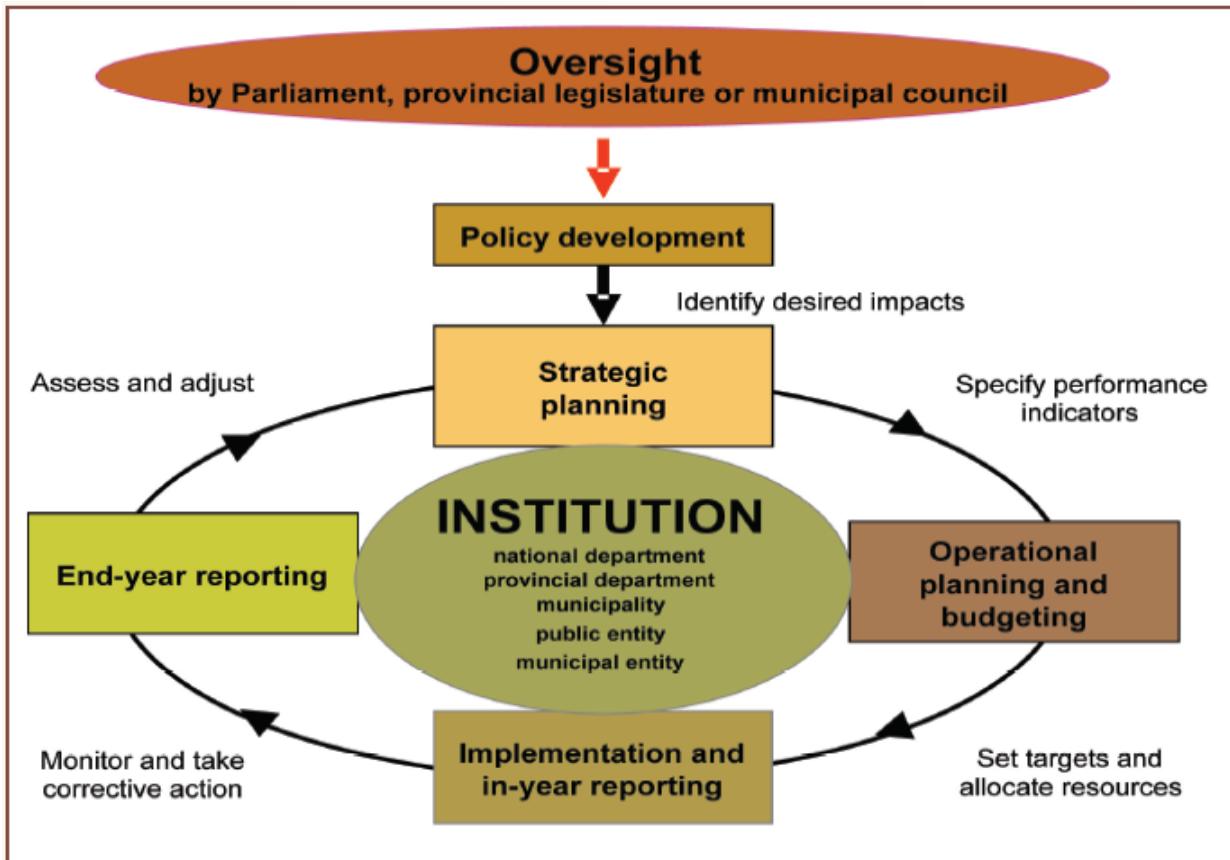
**Table 30 MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure**

Strategic Objective R thousand	Goal	Goal Code	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
The provision of democratic, accountable and ethical governance	Corporate Governance	1	38 678	29 523	37 373	9 977	11 301	11 301	16 034	2 675	8 830
The provision and maintenance of municipal services	Basic Service Delivery	2	100 154	127 569	103 790	72 258	94 684	94 684	54 300	59 748	54 588
The encouragement of structured community participation in the matters of the municipality	Community Participation	3				9 792	9 348	9 348	17 238	18 839	13 800
The creation and maintenance of a safe and healthy environment	Safe and Healthy Environment	4	296	645	-						
The promotion of tourism, economic and social development	Economic Development and Social Upliftment	5	14 990	5 538	2 601	17 870	11 150	11 150	5 400	4 900	4 000
Allocations to other priorities											
Total Capital Expenditure			154 117	163 275	143 764	109 897	126 482	126 482	92 972	86 162	81 218

## 2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly at each quarter, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

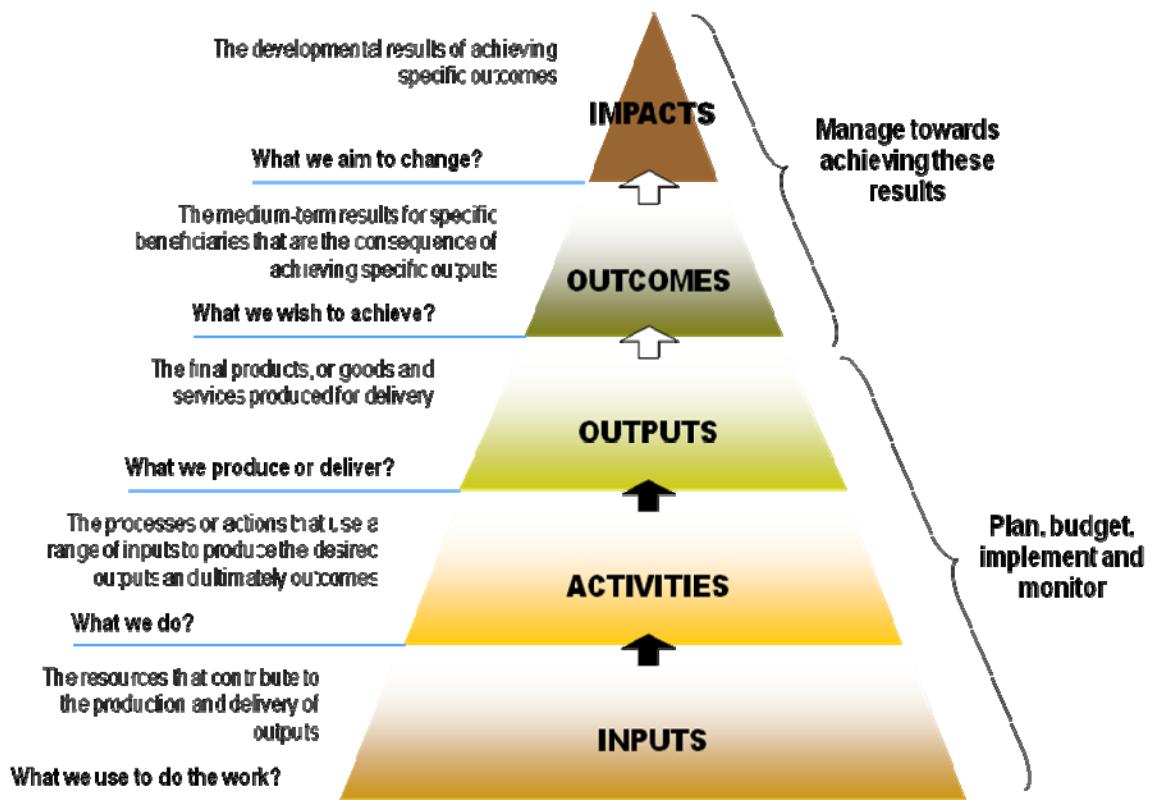


**Figure 5 Planning, budgeting and reporting cycle**

The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the ***Framework of Managing Programme Performance Information*** issued by the National Treasury:



**Figure 6 Definition of performance information concepts**

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

**Table 31 MBRR Table SA7 - Measurable performance objectives**

Description	Unit of measurement	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Council										
Council and Municipal Manager										
Council										
Annual performance reporting	Annual report and	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Approval of Adjustment Budget	Approval of adjustment	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Effective functioning of committee system	No of sec 79 committee	4	5	4	4	4	4	4	4	4
Approval of Main Budget	Approval of Main Budget	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Mayor										
Approval of SDBIP	Approval of SDBIP before	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Speaker										
Effective functioning of council	Number of ordinary	9	8	9	9	9	9	9	9	9
Municipal Manager										
Functional Internal Audit Unit	Reviewed and approved	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Functional performance audit committee	No of meetings of the	4	4	4	4	4	4	4	4	4
Improved good governance	% Implementation of anti-	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%
Institutional performance management system	Individual performance	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Institutional Performance management system	No of performance	8	7	7	7	7	7	7	7	7
Municipality complying with all relevant	No compliance findings	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Management Services										
Director: Management Services										
Human Resources										
Creation of effective capacity	% Vacancy level as % of	90.0%	93.68%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%
Reaching of employment equity targets	% of Targets reached per	100.0%	100.0%	10.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Targeted skills development	The percentage of budget	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Effective labour relations	No of meetings of the	9	8	9	9	9	9	9	9	9
Effective and up to date HR policies	Revision of all HR	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Strategic Services										
Reviewed IDP	IDP reviewed by 31 May	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Finance										
Director: Finance										
Asset Management										
Asset management	Compliance with GRAP	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Director Finance										
Clean audit	% of Root causes of	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Improvement in conditional grant spending -	% of total conditional	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Preparation of financial statements	Financial statements	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Updated indigent register for the provision of free	Updated indigent register	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Improvement in conditional grant spending -	% of total conditional	98.0%	100.0%	100.0%	98.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Improvement in conditional grant spending -	% of total conditional	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
SCM										
Effective SCM system	No of tenders	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Revenue										
Improved revenue collection	% Debt recovery rate	90.0%	99.3%	98.1%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%
Local Economic Development										
Director: LED										
LED										
Employment through job creation schemes	No of temporary jobs created	154	204	609	500	500	500	500	500	500
Completed and aligned LED strategy	LED strategy developed	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Employment through job creation initiatives that ponder employment for locals	No of jobs created	50	204	23	20	20	20	20	20	20
Enhancement of economic development	Value of contracts assigned to emerging contractors	R 19 000 000	R4,185,237.16	R 561 335.28	R 10 000 000	R 10 000 000	R 10 000 000	R 10 000 000	R 10 000 000	R 10 000 000
Improved skills development	No of workshops	4	11	9	10	10	10	10	10	10
Tourism related projects/initiatives	No of related tourism	4	4							

Description	Unit of measurement	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Community Services										
Director: Community Services										
Director: Community Services										
Effective functioning of ward committees	No of ward committee	8	13	13		13	13			
Maintenance of grave yards	% of maintenance budget	98.0%	96.0%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%
Maintenance of halls and facilities	% of maintenance budget	98.0%	98.0%	94.8%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%
Maintenance of recreational areas	% of maintenance budget	98.0%	97.7%	90.5%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%
Number of informal settlements formalised and	Number of informal	2	2							
Maintenance of municipal roads	% of maintenance budget		98.2%	91.3%	98.0%	98.0%	98.0%	9.0%	98.0%	98.0%
Maintenance of municipal roads (Reseal)	Kms of roads patched	98.0%	98.0%							
Provision of sport facilities	% upgrade of the sport	93.0%	98.0%							
Maintenance of refuse removal services	% of approved	98.0%	103.2%	100.0%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%
Maintenance of refuse removal services	% of maintenance budget	98.0%	103.2%	99.8%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%
Maintenance of sanitation services	% of approved	98.0%	98.3%	99.8%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%
Maintenance of sanitation services	% of maintenance budget	98.0%	99.8%	97.9%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%
Quality of waste water discharge	% Effluent compliance	60.0%	88.6%	86.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%
Maintenance of water assets	% of maintenance budget	98.0%	100.6%	97.1%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%
Maintenance of water services	% of approved	98.0%	95.37%	97.02%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%
New water connections	No of new water	410	410	188						
Replacement of existing water meters	No of meters replaced	200	200	60						
Infrastructure & Planning										
Director: Infrastructure and Planning										
Sub-function 1 - (name)										
Effective capital spending	% spent of approved	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%
Maintenance of electricity assets	% of maintenance budget	98.0%	58.25%		98.0%					
New electricity connections	No of new electricity		482	122						
No of HH that meet agreed service standards	No of HH achieving	410	21898	21998	21898	21998	21998	21998	21998	21998
Percentage electricity losses	KW billed/ KW used by	10.0%	7.1%	6.9%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
Development of an Integrated Human Settlement	Strategy developed by	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Effective capital spending	% spent of approved	98.0%	98.0%	102.0%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%
Effective capital spending	% spent of approved	98.0%	98.0%	77.0%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%
No of HH that meet agreed waste service	No of HH that meet	26000	30334	31739	26000					
Effective capital spending	% spent of approved	98.0%	98.0%	100.0%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%
Maintenance of stormwater services	% of maintenance budget	98.0%	98.3%	101.0%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%
Effective capital spending	% spent of approved	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%
No of HH that meet agreed sanitation service	No of HH without	26000	30851	30930	32136	32136	32136	32136	32136	32136
No of HH that meet agreed sanitation service	No of HH that meet	3726	(included in	30930 (includes						
Effective capital spending	% spent of approved	98.0%	98%	86%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%
Excellent water quality	% compliance as per the	77.0%	114.7%	86.0%	95.0%	98.0%	98.0%	98.0%	98.0%	98.0%
No of HH that meet agreed service standards	No of HH achieving	26000	30851	25360	25110	25110	25110	25110	25110	25110
Percentage water losses	KL billed/ KL used by	32.0%	27.25%	27.87%	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%
Percentage/ No of HH that meet agreed service	% of HH achieving	3762	(included in	25360						
Protection Services										
Director Protection Services										
Fire Management										
Effective fire brigade service	Fire Management Plan	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Reviewed Disaster Management Plan	Disaster Management	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Law Enforcement										
Effective law enforcement activities	% Decrease in law	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%
Traffic										
Effective traffic enforcement activities	% Decrease in traffic	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%

The following table sets out the municipalities main performance objectives and benchmarks for the 2014/15 MTREF.

**Table 32 MBRR Table SA8 - Performance indicators and benchmarks**

Description of financial indicator	Basis of calculation	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Borrowing Management</b>										
Credit Rating										
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	4.5%	6.2%	6.8%	7.3%	7.7%	7.7%	7.5%	7.4%	7.5%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	5.2%	8.2%	7.8%	8.9%	9.5%	9.5%	9.0%	9.2%	9.4%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	71.8%	117.8%	45.1%	73.0%	58.1%	58.1%	80.2%	93.9%	87.7%
<b>Safety of Capital</b>										
Gearing	Long Term Borrowing/ Funds & Reserves	77.9%	17772.6%	19278.6%	123.6%	20333.9%	20333.9%	21294.4%	22066.8%	22535.6%
<b>Liquidity</b>										
Current Ratio	Current assets/current liabilities	1.6	1.7	1.3	1.4	1.5	1.5	1.3	1.2	1.3
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.6	1.7	1.3	1.4	1.5	1.5	1.3	1.2	1.3
Liquidity Ratio	Monetary Assets/Current Liabilities	0.5	0.9	0.5	0.6	0.7	0.7	0.6	0.5	0.6
<b>Revenue Management</b>										
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		101.5%	105.3%	91.7%	97.9%	106.5%	98.7%	98.7%	100.2%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		98.3%	104.9%	91.7%	97.9%	106.4%	106.4%	98.7%	100.2%	98.5%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	14.9%	14.6%	13.7%	12.3%	13.0%	13.0%	13.1%	11.6%	11.9%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Creditors Management</b>										
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA's 65(e))	99.0%	99.8%	100.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
Creditors to Cash and Investments		115.5%	49.9%	79.5%	76.1%	73.5%	73.5%	63.4%	69.7%	58.0%
<b>Other Indicators</b>										
Electricity Distribution Losses (2)	Total Volume Losses (kW)	19028627	16012859	15831477	17200000	16033400	15654000	15896000	16142000	16354000
	Total Cost of Losses (Rand '000)	6 159	6 513	7 101	8 015	8 826	8 610	9 127	9 674	10 255
	% Volume (units purchased and generated less units sold)/units purchased and generated	8.37%	7.12%	6.91%	0	6.85%	6.70%	6.67%	6.64%	6.60%
Water Distribution Losses (2)	Total Volume Losses (kℓ)	1860248	1428898	1 444 853	1 500 000	1 465 550	1 465 550	1 476 200	1 528 020	1 581 540
	Total Cost of Losses (Rand '000)	3 101	2 892	1 842	3 279	3 500	2 785	3 085	3 514	4 001
	% Volume (units purchased and generated less units sold)/units purchased and generated	24.24%	20.36%	20.01%	0	20.20%	20.89%	20.23%	20.14%	20.04%
Employee costs	Employee costs/(Total Revenue - capital revenue)	30.8%	34.8%	33.3%	33.8%	34.0%	34.0%	35.7%	35.3%	35.3%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	31.6%	35.9%	34.3%	34.8%	35.0%	35.0%	36.8%	36.4%	36.4%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	9.6%	10.9%	16.5%	22.0%	20.8%	20.8%	20.6%	21.9%	21.5%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	20.8%	22.7%	20.5%	19.7%	19.4%	19.4%	19.6%	18.5%	17.7%
<b>IDP regulation financial viability indicators</b>										
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	23.4	24.0	23.4	21.7	21.7	21.7	22.4	21.5	22.7
ii.O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	18.7%	16.6%	17.0%	14.5%	15.3%	15.3%	15.1%	13.6%	14.2%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	2.0	3.1	1.8	1.7	1.6	1.6	1.6	1.5	1.5

### **2.3.1 Performance indicators and benchmarks**

#### *2.3.1.1 Borrowing Management*

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Overstrand's borrowing strategy is primarily informed by the affordability of debt repayments. The structure of the Municipality's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2014/15 MTREF:

- *Capital charges to operating expenditure* is a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing will remain steady over the MTREF at 7,5 per cent. While borrowing is considered a prudent financial instrument in financing capital infrastructure development, this indicator will have to be carefully monitored going forward as the Municipality has reached its prudential borrowing limits.
- *Borrowing funding of own capital expenditure* measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing. The average over the MTREF is 87 per cent which indicates the limited amount available from own sources to finance capital. This is as a result of utilising any surpluses as they become available.

In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of the Municipality to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs. As part of the compilation of the 2011/2012 MTREF the potential of smoothing out the debt profile over the longer term was investigated and borrowing was capped in the borrowing policy. The gearing on borrowing will be reduced by 10 per cent over a period of ten years as started in 2012/2013.

#### *2.3.1.2 Safety of Capital*

- *The gearing ratio* is a measure of the total long term borrowings over funds and reserves. This ratio is not conducive to the GRAP accounting framework due to the low amount of reserves.

#### *2.3.1.3 Liquidity*

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a bottom limit of 1.2, therefore at no point in time should this ratio be less than 1.2. Over the 2014/15 MTREF the current ratio is 1.3. National Treasury has set a current ratio minimum of 1.5 in circular 71. Going forward it will be necessary to increase this ratio, notwithstanding that it will tie up cash needed for capital investment.
- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Overstrand Municipality's liquidity ratio is at an average of 0.6 per cent over the MTREF. This includes consumer deposits and provisions which are not likely to be realised in the short term. Consideration should be given to exclude a vast portion of consumer deposits. With the former mentioned items excluded, this ratio would be 1.1 over the MTREF. As part of the longer term financial planning objectives this ratio will have to be set at a minimum of 1, notwithstanding that it will tie up cash needed for capital investment.

#### Revenue Management

- As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection.

#### 2.3.1.4 Creditors Management

- The Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure compliance to this legislative obligation. This has had a favourable impact on suppliers' perceptions of risk of doing business with the Municipality, which is expected to benefit the Municipality in the form of more competitive pricing of tenders, as suppliers compete for the Municipality's business.

#### 2.3.1.5 Other Indicators

- The electricity distribution losses have been managed downwards from 8.3 per cent in the 2010/2011 financial year to 6.6 per cent over the MTREF. The initiatives to ensure these targets are achieved include managing illegal connections, regular meter audits and managing theft of electricity by rolling out smart metering systems, including prepaid meters. It should be noted that technical losses range between 3 – 5 per cent over the Overstrand area. When taking this into consideration it is evident that distribution losses are well managed.
- The water distribution losses have been significantly reduced from 27.4 per cent in 2009/10 to 20 per cent in 2013/2014. This has been achieved with investing in the upgrading of water reticulation infrastructure, which is set to continue over the MTREF. Active attention is also given to reported leaks by the public and a further measure is to install flow limiters.
- Employee costs as a percentage of operating revenue remains stable, with an indication of a decrease over the MTREF. This is primarily owing to the very limited expansion of the personnel structure, high increase in bulk purchases which directly increase revenue levels, as well as increased allocation relating to operating grants and transfers.
- In real terms, repairs and maintenance has increased as part of the municipality's strategy to ensure the management of its asset base

### 2.3.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality. Only registered indigents qualify for the free basic services.

For the 2014/15 financial year 6500 registered indigents have been provided for in the budget. In terms of the municipality's indigent policy, registered households are entitled to 6kℓ free water and 50 kWh of electricity, are fully subsidised for basic charges for services and 4,2kℓ sanitation. Household with a property valuation of R100 000 qualify upon registration as indigents.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 26 MBRR A10 (Basic Service Delivery Measurement) on page 39.

Note that the number of households in informal areas that receive free services and the cost of these services (e.g. the provision of water through stand pipes) are not taken into account in the table noted above due to the measuring criteria.

### **2.3.3 Providing clean water and managing waste water**

The Department of Water Affairs conducts an annual performance rating of water and sewage treatment works, presenting a Blue Drop or Green Drop award respectively to potable water treatment works and waste water treatment works that meet certain criteria of excellence.

The municipality has achieved Blue Drop and Green Drop awards in 2013/2014, indicating that the municipality's drinking water is of exceptional quality.

The following is briefly the challenges facing the municipality:

- Some infrastructure is old and insufficient to treat the increased volumes of waste water to the necessary compliance standard;
- Shortage of skilled personnel makes proper operations and maintenance difficult;

## **2.4 Overview of budget related-policies**

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

### **2.4.1 Customer Care, Credit Control and Debt Collection Policy**

The 2014/15 MTREF has been prepared on the basis of achieving an average debtors' collection rate in excess of 99 per cent on current billings. The current collection rate is in excess of 99 per cent. In addition the collection of debt in excess of 90 days has been prioritised.

### **2.4.2 Asset Management Policy**

The Asset Management Policy is considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance. In addition the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the revenue base.

### **2.4.3 Budget Policy**

The budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities. To ensure that the Municipality continues to deliver on its core mandate and achieves its developmental goals, the mid-year review and adjustment budget process will be utilised to ensure that underperforming functions are identified and funds redirected to performing functions.

### **2.4.4 Supply Chain Management Policy**

The Supply Chain Management Policy was adopted by Council in 2008. The policy is continually revised to incorporate amending legislation.

#### **2.4.5 Virement Policy**

The Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the Municipality's system of delegations.

#### **2.4.6 Investment & Cash Management Policy**

The aim of the policy is to ensure that the Municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves.

#### **2.4.7 Tariff Policy**

The Municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery.

#### **2.4.8 Long term Financial Planning & Implementation Policy**

Funding for the compiling of a The Long term Financial Planning Policy has been acquired from the Provincial Government. A service provider has been appointed to commence with the initial stage.

#### **2.4.9 Contract Management Policy**

This policy has been introduced to further enhance the supply management function.

#### **2.4.10 Pay Day Policy**

This policy has been introduced to give effect to the council resolution in this regard.

The following policies have also been subject to review:

- Property Rates Policy;
- Funding and Reserves Policy;
- Borrowing Policy;
- Indigent Policy;
- Travelling & Subsistence;
- Petty Cash

## **2.5 Overview of budget assumptions**

### **2.5.1 External factors**

The effects of recession are still evident. After a protracted standstill in interest rates, this increased by 25 basis points recently. Upwards pressure is also evident in the inflation rate and the Rand continues to weaken against leading currencies. International oil prices are rising continually.

### **2.5.2 General inflation outlook and its impact on the municipal activities**

There are five key factors that have been taken into consideration in the compilation of the 2014/15 MTREF:

- National Government macro-economic targets;
- The general inflationary outlook and the impact on Municipality's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity and fuel; and
- The increase in the cost of remuneration. Employee related costs comprise 34 per cent of total operating expenditure in the 2014/15 MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget

### **2.5.3 Interest rates for borrowing and investment of funds**

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. The municipality chiefly engages in amortisation-style loans requiring both regular principal and interest payments. Surplus cash is invested and re-invested at short intervals.

### **2.5.4 Collection rate for revenue services**

The base assumption is that tariff and rating increases will increase at a rate linked to CPI over the medium term. It is also assumed that current economic conditions, and relative inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (99 per cent) of annual billings. Cash flow is assumed to be 99,5 per cent of billings from an increased collection of arrear debt.

### **2.5.5 Growth or decline in tax base of the municipality**

Debtors' revenue is assumed to increase at a rate that is influenced by the consumer debtors collection rate, tariff/rate pricing, real growth rate of the Municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' mainly limits consumption to the level of free basic services.

### **2.5.6 Salary increases**

The collective agreement regarding salaries/wages came into operation on 01 July 2012 and shall remain in force until 30 June 2015.

### **2.5.7 Impact of national, provincial and local policies**

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

### **2.5.8 Ability of the municipality to spend and deliver on the programmes**

It is estimated that a spending rate of at least 99 per cent is achieved on operating expenditure and 95 per cent on the capital programme for the 2014/15 MTREF.

## **2.6 Overview of budget funding**

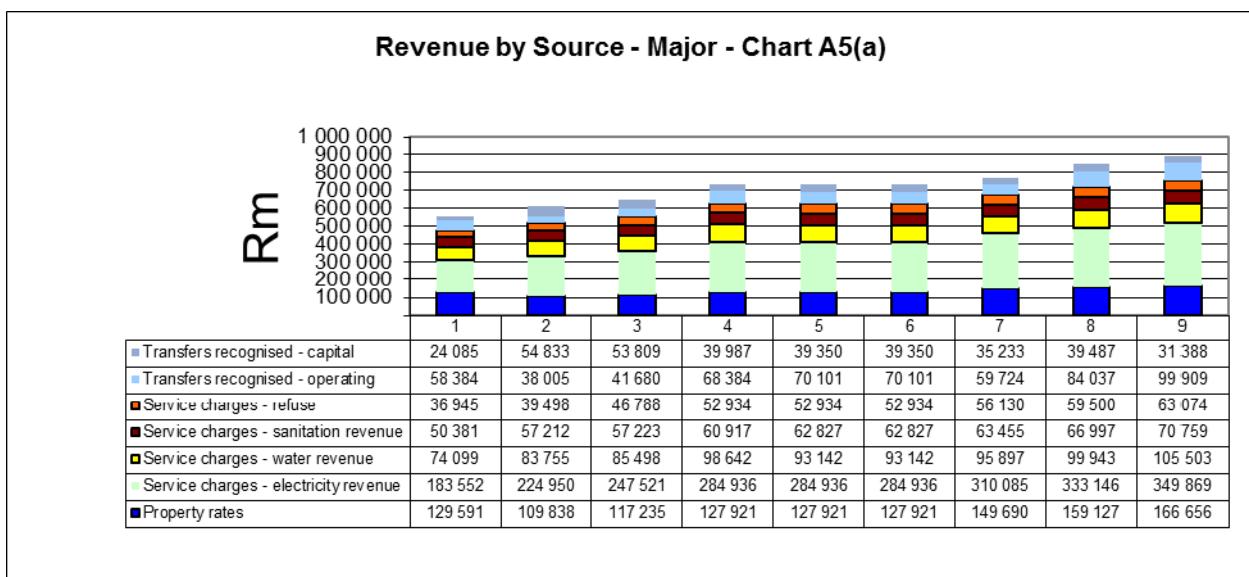
### **2.6.1 Medium-term outlook: operating revenue**

The following table is a breakdown of the operating revenue over the medium-term:

**Table 33 Breakdown of the operating revenue over the medium-term**

Description R thousand	2014/15 Medium Term Revenue & Expenditure Framework		
	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Revenue By Source</b>			
Property rates	148 640	158 025	165 498
Service charges	525 567	559 586	589 204
Rental of facilities and equipment	7 966	8 739	9 615
Interest earned	9 504	9 546	9 735
Transfers recognised - operational	59 724	84 037	99 909
Other revenue	34 290	35 407	37 906
Total Revenue (excluding capital transfers and contributions)	785 691	855 339	911 867

The following graph is a breakdown of the operational revenue per main category for the 2014/15 financial year.



**Figure 7 Breakdown of operating revenue over the 2014/15 MTREF**

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as water, electricity, sanitation, solid waste removal, property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc).

The revenue strategy is a function of key components such as:

- Growth in the municipality and economic development;
- Revenue management and enhancement;
- Achievement of a 99 per cent annual collection rate for consumer revenue;
- National Treasury guidelines;
- Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements; and
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA)

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

**Table 34 Proposed tariff increases over the medium-term**

Refer to Annexure B for Tariffs increases

As the levying of property rates is considered a strategic revenue source.

Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket.

Operational grants and subsidies have shown increases over the MTREF. It needs to be noted that in real terms the grants receipts from national government are growing MTREF.

Investment revenue contributes marginally to the revenue base. It needs to be noted that these allocations have been conservatively estimated. The actual performance against budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustments budget.

The tables below provide detail investment information and investment particulars by maturity.

**Table 35 MBRR SA15 – Detail Investment Information**

Investment type R thousand	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<u>Parent municipality</u>									
Securities - National Government									
Listed Corporate Bonds									
Deposits - Bank	50 000	75 000	55 042						
Deposits - Public Investment Commissioners									
Guaranteed Endowment Policies (sinking)	1 262	5 691	11 597	16 379	16 379	16 379	22 207	27 825	33 508
Municipal Bonds									
Consolidated total:	51 262	80 691	66 638	16 379	16 379	16 379	22 207	27 825	33 508

**Table 36 MBRR SA16 – Investment particulars by maturity**

Investments by Maturity Name of institution & investment ID	Period of Investment Yrs/Months	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate 3.	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal	Investment Top Up	Closing Balance
<u>Parent municipality</u>													
LIBERTY 15934476	15 YEARS	POLICY	YES	VARIABLE				01/09/2025	6 383	298		1 500	8 181
LIBERTY 21196964	14 YEARS	POLICY	YES	VARIABLE				01/09/2025	9 186	252		3 100	12 538
MOMENTUM 3853776	15 YEARS	POLICY	YES	VARIABLE				01/07/2026	1 079	48		360	1 488
TOTAL INVESTMENTS AND INTEREST									16 649		-	4 960	22 207

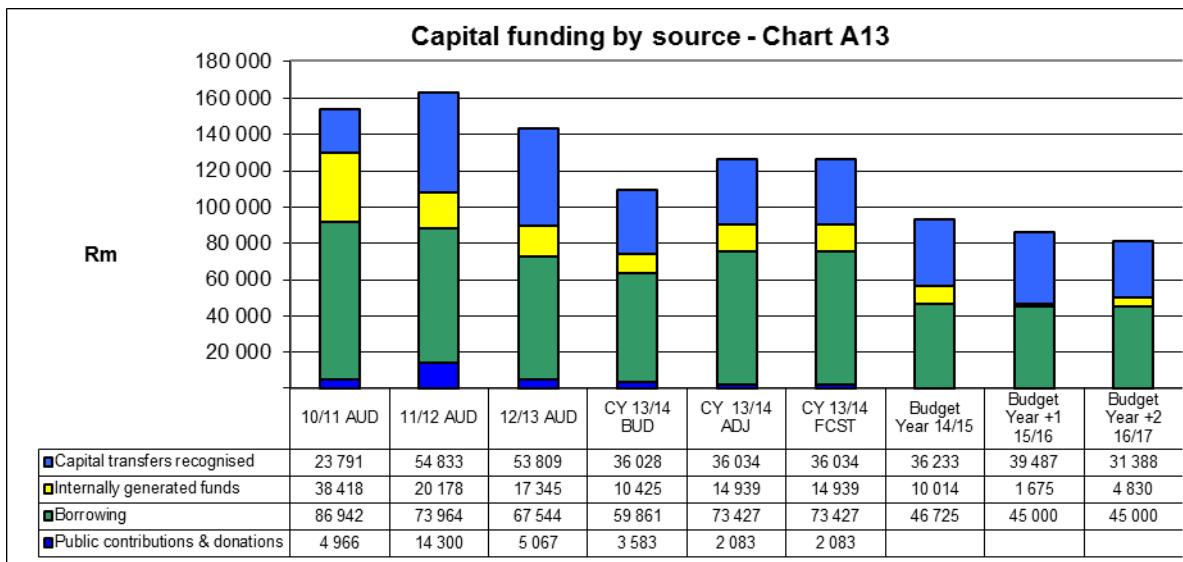
For the medium-term, the funding strategy has been informed directly by ensuring financial sustainability and continuity. The surplus is intended to partly fund capital expenditure from own sources as well as ensure adequate cash backing of reserves and funds.

## 2.6.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2014/15 medium-term capital programme:

**Table 37 Sources of capital revenue over the MTREF**

Vote Description R thousand	2014/15 Medium Term Revenue & Expenditure Framework		
	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Funded by:</b>			
National Government	22 674	23 587	24 388
Provincial Government	12 559	15 900	7 000
District Municipality			
Other transfers and grants	1 000		
Transfers recognised - capital	36 233	39 487	31 388
Public contributions & donations			
Borrowing	46 725	45 000	45 000
Internally generated funds	10 014	1 675	4 830
<b>Total Capital Funding</b>	<b>92 972</b>	<b>86 162</b>	<b>81 218</b>



**Figure 8 Sources of capital revenue for the 2014/15 financial year**

Capital grants and receipts equates to 36,2 per cent of the total funding source which represents R36 million for the 2014/15

Borrowing still remains a significant funding source for the capital programme over the medium-term with an estimated R130 million. As explained earlier, the borrowing capacity of the Municipality has essentially reached its limits and going forward borrowing limits will remain constant.

The following table is a detailed analysis of the Municipality's borrowing liability.

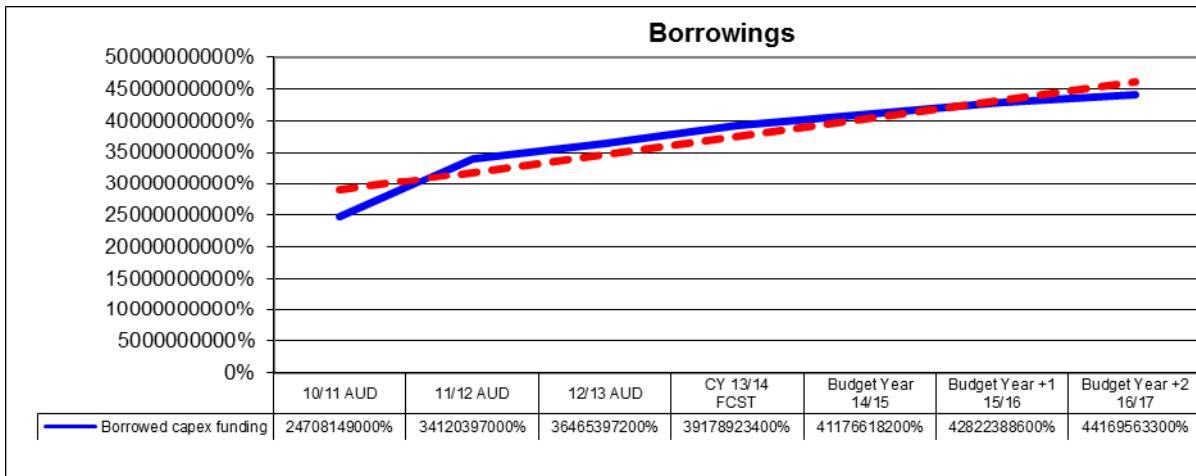
**Table 38 MBRR Table SA 17 - Detail of borrowings**

Borrowing - Categorised by type R thousand	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Long-Term Loans (annuity/reducing balance)	247 081	250 581	274 394	291 789	291 789	291 789	307 225	325 005	339 982
Long-Term Loans (non-annuity)		90 000	90 000	100 000	100 000	100 000	100 000	100 000	100 000
Local registered stock									
Instalment Credit							4 541	3 219	1 713
Financial Leases		623	260						
Other Securities									
<b>Total Borrowing</b>	<b>247 081</b>	<b>341 204</b>	<b>364 654</b>	<b>391 789</b>	<b>391 789</b>	<b>391 789</b>	<b>411 766</b>	<b>428 224</b>	<b>441 696</b>
<b>Unspent Borrowing - Categorised by type</b>									
Long-Term Loans (annuity/reducing balance)		18 255							
<b>Total Unspent Borrowing</b>	<b>-</b>	<b>18 255</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Figure 9 Growth in outstanding borrowing (long-term liabilities)**

Internally generated funds consist of a mixture between surpluses generated on the operating statement of financial performance and cash backed reserves. In determining the credibility of this funding source it becomes necessary to review the cash flow budget as well as the cash backed reserves and accumulated funds reconciliation, as discussed below. Internally generated funds consist of R10 million in 2014/2015, R1,6 million 2015/16 and R4,8 million in 2016/17

The following graph illustrates the growth in outstanding borrowing for the 2007/08 to 2014/14 period.



**Figure 10 Growth in outstanding borrowing (long-term liabilities)**

**Table 39 MBRR Table SA 18 - Capital transfers and grant receipts**

Description R thousand	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>RECEIPTS:</b>									
<u>Capital Transfers and Grants</u>									
National Government:	23 784	54 183	37 839	26 325	25 718	25 718	22 674	23 587	24 388
Municipal Infrastructure Grant (MIG)	9 209	13 971	16 947	18 755	18 755	18 755	20 674	21 587	22 388
Public Transport and Systems			1 500						
Regional Bulk Infrastructure		36 212	15 174						
Neighbourhood Development Partnership	10 936	2 000	2 418	3 970	3 963	3 963			
Finance Management			600						
INEP/FMG/MSIG	3 639	2 000	1 800	3 000	3 000	3 000	2 000	2 000	2 000
Provincial Government:	6 348	6 605	18 693	6 671	6 671	6 671	12 559	15 900	7 000
Housing/ABS/CDW/Library	6 348	6 605	18 693	5 689	5 689	5 689	10 309	15 900	7 000
Sport & Recreation Grant							100		
Provincial Library Grant							2 150		
Provincial Transport Infrastructure Grant				982	982	982			
Other grant providers:	1 000	-	-	-	-	-	1 000	-	-
Mobility strategy (pound)/ Walkways	1 000						1 000		
DWA ACIP									
Total Capital Transfers and Grants	31 132	60 787	56 532	32 996	32 389	32 389	36 233	39 487	31 388

### 2.6.3 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understanding for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;

- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provided for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

**Table 40 MBRR Table A7 - Budgeted cash flow statement**

Description R thousand	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>									
Receipts									
Ratepayers and other	522 926	577 470	591 940	652 431	708 215	708 215	710 750	766 599	793 973
Government - operating	64 071	37 750	44 908	68 984	70 101	70 101	61 974	84 037	99 909
Government - capital	26 431	54 833	53 809	42 971	41 620	41 620	33 983	39 487	31 388
Interest	6 168	9 211	9 752	9 918	9 222	9 222	8 454	8 443	8 577
Dividends									
Payments									
Suppliers and employees	(510 106)	(520 159)	(551 464)	(622 122)	(654 985)	(654 985)	(653 990)	(733 868)	(807 028)
Finance charges	(19 373)	(31 669)	(37 174)	(42 292)	(42 292)	(42 292)	(44 535)	(46 691)	(48 839)
Transfers and Grants	(23 620)	(28 454)	(35 856)	(38 766)	(39 217)	(39 217)	(41 370)	(44 065)	(46 708)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>66 499</b>	<b>98 981</b>	<b>75 915</b>	<b>71 124</b>	<b>92 664</b>	<b>92 664</b>	<b>75 266</b>	<b>73 943</b>	<b>31 272</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>									
Receipts									
Proceeds on disposal of PPE	23 447	13 722	1 725	-	4 617	4 617	-	-	-
Decrease (Increase) in non-current debtors	17 137	2 189	-	-	1 025	1 025	-	-	39 500
Decrease (increase) other non-current receivables	29	20	50	48	14	14	15	14	14
Decrease (increase) in non-current investments	(1 262)	(4 430)	(4 960)	(5 359)	(4 783)	(4 783)	(5 827)	(5 618)	(5 683)
Payments									
Capital assets	(150 497)	(163 275)	(143 764)	(109 897)	(126 482)	(126 482)	(92 972)	(86 162)	(81 218)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(111 146)</b>	<b>(151 774)</b>	<b>(146 949)</b>	<b>(115 209)</b>	<b>(125 609)</b>	<b>(125 609)</b>	<b>(98 785)</b>	<b>(91 765)</b>	<b>(47 387)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>									
Receipts									
Short term loans	-	940	(389)	-	-	-	5 520	(1 176)	(1 323)
Borrowing long term/refinancing	90 000	110 000	38 700	51 300	51 300	51 300	40 000	45 000	45 000
Increase (decrease) in consumer deposits	4 469	12 844	3 726	3 704	3 686	3 686	2 703	2 893	3 095
Payments									
Repayment of borrowing	(9 442)	(14 295)	(13 554)	(18 032)	(21 783)	(21 783)	(21 061)	(23 929)	(27 220)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>85 027</b>	<b>109 489</b>	<b>28 482</b>	<b>36 973</b>	<b>33 204</b>	<b>33 204</b>	<b>27 163</b>	<b>22 787</b>	<b>19 553</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>40 380</b>	<b>56 696</b>	<b>(42 552)</b>	<b>(7 112)</b>	<b>259</b>	<b>259</b>	<b>3 644</b>	<b>4 964</b>	<b>3 437</b>
Cash/cash equivalents at the year begin:	29 623	70 004	126 699	91 518	84 147	84 147	84 406	88 050	93 014
Cash/cash equivalents at the year end:	70 004	126 699	84 147	84 406	84 406	84 406	88 050	93 014	96 452

The above table shows that cash and cash equivalents of the Municipality increases between the 2010/11 and 2013/2014 financial year. For the 2014/15 MTREF the budget has been prepared to ensure sustained levels of cash and cash equivalents over the medium-term with cash levels anticipated to exceed R88 million by 2014/15 and steadily increasing to R96 million by 2016/17.

#### 2.6.4 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?

- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. It is also important to analyse trends to understand the consequences. Small cash surpluses have been realised over the past three years, which is inevitably utilised to finance capital. No meaningful growth in cash has occurred. The working capital has to be optimally managed.

**Table 41 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation**

Description R thousand	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Cash and investments available</b>									
Cash/cash equivalents at the year end	70 004	126 699	84 147	84 406	84 406	84 406	88 050	93 014	96 452
Other current investments > 90 days	0	0	-	-	-	-	-	-	-
Non current assets - Investments	1 262	5 691	11 597	16 379	16 379	16 379	22 207	27 825	33 508
<b>Cash and Investments available:</b>	<b>71 265</b>	<b>132 391</b>	<b>95 744</b>	<b>100 786</b>	<b>100 786</b>	<b>100 786</b>	<b>110 257</b>	<b>120 839</b>	<b>129 960</b>
<b>Application of cash and investments</b>									
Unspent conditional transfers	9 955	4 555	7 783	-	-	-	-	-	-
Unspent borrowing	-	18 255	-	-	-	-	-	-	-
Statutory requirements									
Other working capital requirements	(7 780)	(28 049)	(20 695)	(25 504)	(40 374)	(40 374)	(45 912)	(34 619)	(51 170)
Other provisions									
Long term investments committed	1 262	5 691	11 597	16 379	16 379	16 379	22 207	27 825	33 508
<b>Total Application of cash and investments:</b>	<b>3 437</b>	<b>453</b>	<b>(1 315)</b>	<b>(9 124)</b>	<b>(23 994)</b>	<b>(23 994)</b>	<b>(23 705)</b>	<b>(6 795)</b>	<b>(17 662)</b>
<b>Surplus(shortfall)</b>	<b>67 829</b>	<b>131 938</b>	<b>97 059</b>	<b>109 910</b>	<b>124 780</b>	<b>124 780</b>	<b>133 962</b>	<b>127 634</b>	<b>147 621</b>

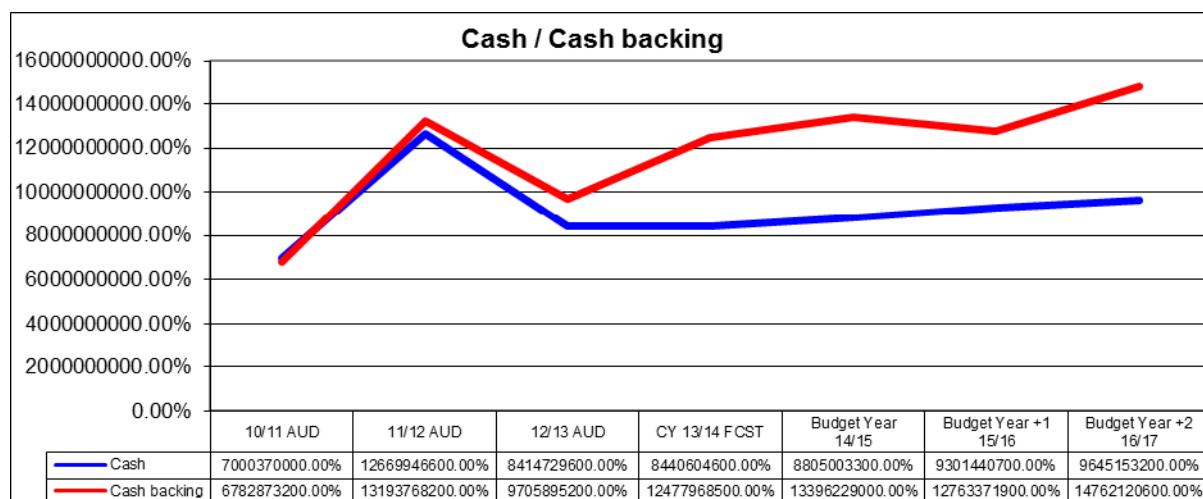
From the above table it can be seen that the cash and investments total R124 million in the 2013/2014 financial year and increase to R134 million by 2014/15, including the projected cash and cash equivalents as determined in the cash flow forecast. The following is a breakdown of the application of this funding:

- Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year. In the past these have been allowed to 'roll-over' and be spent in the ordinary course of business, but this practice has been discontinued. Stringent measures have been implemented by NT regarding unspent grants.
- No unspent borrowing from the previous financial year is anticipated. Borrowings are only drawn down once substantial expenditure has incurred against the particular project.
- Provisions for statutory requirements include VAT owing to timing differences resulting from year- end obligations.
- The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors. For the purpose of the cash backed reserves and accumulated surplus reconciliation, at least one month's operational expenditure is covered at all times. It needs to be noted that although this can be considered prudent, the desired cash levels should be 60 days to ensure continued liquidity of the municipality. Any underperformance in relation to collections could place upward pressure on the ability of the Municipality to meet its creditor obligations.

- Long term investments consist primarily of the sinking funds for the repayment of future borrowings. The sinking fund value is held within long term investments and must be 'held to maturity' and is not available for spending.
- Most reserve fund cash-backing is discretionary in nature, but the reserve funds are not available to support a budget unless they are cash-backed. The level of cash-backing is directly informed by the municipality's cash backing policy.

It can be concluded that the Municipality has a surplus of R134 million against the cash backed and accumulated surpluses reconciliation. When considering the funding requirements of section 18 and 19 of the MFMA, it needs to be noted that for all practical purposes the 2014/2015 MTREF is funded, from a pure cash flow perspective (cash out flow versus cash inflow) the budget is funded and is therefore credible. The challenge for the Municipality will be to ensure that the underlying planning and cash flow assumptions are meticulously managed, especially the performance against the collection rate.

The following graph supplies an analysis of the trends relating cash and cash equivalents and the cash backed reserves/accumulated funds reconciliation over a seven year perspective.



**Figure 11 Cash and cash equivalents / Cash backed reserves and accumulated funds**

## 2.6.5 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

**Table 42 MBRR SA10 – Funding compliance measurement**

Description	MFMA section	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Funding measures</b>										
Cash/cash equivalents at the year end - R'000	18(1)b	70 004	126 699	84 147	84 406	84 406	84 406	88 050	93 014	96 452
Cash + investments at the yr end less applications - R'000	18(1)b	67 829	131 938	97 059	109 910	124 780	124 780	133 962	127 634	147 621
Cash year end/monthly employee/supplier payments	18(1)b	2.0	3.1	1.8	1.7	1.6	1.6	1.6	1.5	1.5
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	9 735	(81 607)	7 189	(37 947)	(43 407)	(43 407)	(47 503)	(58 954)	(72 203)
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	N.A.	2.6%	1.6%	6.8%	(6.6%)	(6.0%)	2.6%	0.4%	(0.8%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	98.3%	104.9%	91.7%	97.9%	106.4%	106.4%	98.7%	100.2%	98.5%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	1.0%	0.0%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Capital payments % of capital expenditure	18(1)c;19	97.7%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (ex cl. transfers)	18(1)c	69.1%	101.4%	43.0%	69.4%	56.7%	56.7%	70.5%	96.4%	90.3%
Grants % of Govt l.legislated/gazetted allocations	18(1)a							0.0%	0.0%	0.0%
Current consumer debtors % change - incr(decr)	18(1)a	N.A.	(3.5%)	9.9%	(4.0%)	5.0%	0.0%	7.0%	(3.6%)	9.5%
Long term receivables % change - incr(decr)	18(1)a	N.A.	(14.3%)	(33.7%)	(12.6%)	0.0%	0.0%	(21.6%)	(21.3%)	(26.5%)
R&M % of Property Plant & Equipment	20(1)(vi)	1.9%	2.1%	3.7%	5.3%	5.0%	5.0%	5.3%	6.2%	6.5%
Asset renewal % of capital budget	20(1)(vi)	0.0%	0.0%	2.9%	35.6%	38.5%	38.5%	0.0%	0.0%	0.0%
<b>Total Operating Revenue</b>		607 290	597 482	695 005	742 541	743 363	743 363	785 691	855 339	911 867
<b>Total Operating Expenditure</b>		643 201	742 525	746 914	824 059	828 389	828 389	869 426	953 780	1 015 458
<b>Operating Performance Surplus/(Deficit)</b>		(35 911)	(145 043)	(51 909)	(81 518)	(85 026)	(85 026)	(83 736)	(98 441)	(103 591)
<b>Cash and Cash Equivalents (30 June 2012)</b>								88 050		
<b>Revenue</b>										
% Increase in Total Operating Revenue			(1.6%)	16.3%	6.8%	0.1%	0.0%	5.7%	8.9%	6.6%
% Increase in Property Rates Revenue			(15.4%)	6.8%	9.1%	0.0%	0.0%	17.1%	6.3%	4.7%
% Increase in Electricity Revenue			22.6%	10.0%	15.1%	0.0%	0.0%	8.8%	7.4%	5.0%
% Increase in Property Rates & Services Charges			8.6%	7.6%	12.8%	(0.6%)	0.0%	8.6%	6.4%	5.2%
<b>Expenditure</b>										
% Increase in Total Operating Expenditure			15.4%	0.6%	10.3%	0.5%	0.0%	5.0%	9.7%	6.5%
% Increase in Employee Costs			11.0%	11.3%	8.3%	0.6%	0.0%	11.2%	7.6%	6.7%
% Increase in Electricity Bulk Purchases			24.6%	14.5%	8.2%	0.0%	0.0%	8.0%	8.0%	8.0%
R&M % of PPE			1.9%	2.1%	3.7%	5.3%	5.0%	5.3%	6.2%	6.5%
Asset Renewal and R&M as a % of PPE			2.0%	2.0%	4.0%	6.0%	6.0%	5.0%	6.0%	6.0%
Debt Impairment % of Total Billable Revenue			1.0%	0.0%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Capital Revenue</b>										
Internally Funded & Other (R'000)		43 383	34 478	22 412	14 008	17 022	17 022	10 014	1 675	4 830
Borrowing (R'000)		86 942	73 964	67 544	59 861	73 427	73 427	46 725	45 000	45 000
Grant Funding and Other (R'000)		23 791	54 833	53 809	36 028	36 034	36 034	36 233	39 487	31 388
Internally Generated funds % of Non Grant Funding		33.3%	31.8%	24.9%	19.0%	18.8%	18.8%	17.6%	3.6%	9.7%
Borrowing % of Non Grant Funding		66.7%	68.2%	75.1%	81.0%	81.2%	81.2%	82.4%	96.4%	90.3%
Grant Funding % of Total Funding		15.4%	33.6%	37.4%	32.8%	28.5%	28.5%	39.0%	45.8%	38.6%
<b>Capital Expenditure</b>										
Total Capital Programme (R'000)		154 117	163 275	143 764	109 897	126 482	126 482	92 972	86 162	81 218
Asset Renewal		–	–	4 147	39 166	48 657	48 657	–	–	–
Asset Renewal % of Total Capital Expenditure		0.0%	0.0%	2.9%	35.6%	38.5%	38.5%	0.0%	0.0%	0.0%
<b>Cash</b>										
Cash Receipts % of Rate Payer & Other		98.3%	104.9%	91.7%	97.9%	106.4%	106.4%	98.7%	100.2%	98.5%
Cash Coverage Ratio		0	0	0	0	0	0	0	0	0
<b>Borrowing</b>										
Credit Rating (2009/10)										
Capital Charges to Operating		4.5%	6.2%	6.8%	7.3%	7.7%	7.7%	7.5%	7.4%	7.5%
Borrowing Receipts % of Capital Expenditure		69.1%	101.4%	43.0%	69.4%	56.7%	56.7%	70.5%	96.4%	90.3%
<b>Reserves</b>										
Surplus/(Deficit)		67 829	131 938	97 059	109 910	124 780	124 780	133 962	127 634	147 621
<b>Free Services</b>										
Free Basic Services as a % of Equitable Share		109.8%	92.0%	87.2%	87.8%	94.8%	94.8%	82.0%	69.1%	64.1%
Free Services as a % of Operating Revenue (excl operational transfers)		10.6%	8.8%	5.7%	7.8%	10.0%	10.0%	9.6%	9.3%	9.2%
<b>High Level Outcome of Funding Compliance</b>										
Total Operating Revenue		607 290	597 482	695 005	742 541	743 363	743 363	785 691	855 339	911 867
Total Operating Expenditure		643 201	742 525	746 914	824 059	828 389	828 389	869 426	953 780	1 015 458
Surplus/(Deficit) Budgeted Operating Statement		(35 911)	(145 043)	(51 909)	(81 518)	(85 026)	(85 026)	(83 736)	(98 441)	(103 591)
Surplus/(Deficit) Considering Reserves and Cash Backing		31 917	(13 105)	45 150	28 392	39 753	39 753	50 227	29 193	44 030
MTREF Funded (1) / Unfunded (0)		1	0	1	1	1	1	1	1	1
MTREF Funded ✅ / Unfunded ✗		✓	✗	✓	✓	✓	✓	✓	✓	✓

#### *2.6.5.1 Cash/cash equivalent position*

The Municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2014/15 MTREF shows R88 million, R93 million and R96 million for each respective financial year.

#### *2.6.5.2 Cash plus investments less application of funds*

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table 41, on page 65. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

#### *2.6.5.3 Monthly average payments covered by cash or cash equivalents*

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the Municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts. The ratio is at 1.5 for the 2014/2015 MTREF.

#### *2.6.5.4 Surplus/deficit excluding depreciation offsets*

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. The issue relating to depreciation has been discussed at length elsewhere in this report. This indicator cannot be measured as depreciation offset do not form part of the GRAP reporting framework. It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

#### *2.6.5.5 Property Rates/service revenue as a percentage increase less macro inflation target*

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 6 per cent). Refer to Annexure B for Tariff List and Increases.

#### **Cash receipts as a percentage of ratepayer and other revenue**

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at

98.7, 100.2 and 98.5 per cent for each of the respective financial years. Given that the assumed collection rate was based on a 99 per cent performance target, the cash flow statement has been accurately determined. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

#### *2.6.5.6 Debt impairment expense as a percentage of billable revenue*

Overstrand Municipality did not provide for Debt impairment under the Financial performance as the methodology for determining the provision for debt impairment will result in a decrease in the provision. The provision is set to decrease.

#### *2.6.5.7 Capital payments percentage of capital expenditure*

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. The municipality aims to ensure strict compliance with the legislative requirement that creditors be paid within 30 days.

#### *2.6.5.8 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)*

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded. It can be seen that borrowing equates to 75, 96 and 90 per cent of own funded capital.

#### **Transfers/grants revenue as a percentage of Government transfers/grants available**

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The Municipality has budgeted for all transfers.

#### *2.6.5.9 Consumer debtors change (Current and Non-current)*

The purpose of these measures are to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position.

#### *2.6.5.10 Repairs and maintenance expenditure level*

This measure must be considered within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. Details of the municipality's strategy pertaining to asset management and repairs and maintenance are contained in Table 56 MBRR SA34C on page 84.

#### *2.6.5.11 Asset renewal/rehabilitation expenditure level*

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets. Further details in this regard are contained in Table 55 MBRR SA34b on page 83.

## 2.7 Expenditure on grants and reconciliations of unspent funds

**Table 43 MBRR SA19 - Expenditure on transfers and grant programmes**

Description R thousand	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>EXPENDITURE:</b>									
<b>Operating expenditure of Transfers and Grants</b>									
National Government:	1 750	2 817	2 810	3 434	3 084	3 084	4 152	2 466	2 719
Local Government Equitable Share									
Finance Management	1 000	1 250	698	1 300	1 300	1 300	1 450	1 500	1 700
Municipal Systems Improvement		790	780	890	540	540	934	966	1 019
EPWP Incentive	750	777	1 332	1 244	1 244	1 244	1 768		
Provincial Government:	29 707	4 032	2 722	23 601	25 271	25 271	3 575	17 372	25 163
Housing	28 845	3 186	1 659	20 045	19 845	19 845		10 702	21 264
Emergency Housing Programme (EHP)					200	200	220	242	266
Provincial Library Grant	608	640	691	805	795	795	3 182	6 373	3 575
Financial Management Support Grant					800	800			
Greenest Municipality					50	50			
Community Development Worker Grant	100	78	70		49	49	52	55	58
Main Road Subsidy	40	65	65	2 651	3 314	3 314	121		
Sport & Recreation Grant				100					
Housing consumer education/ Thusong Service	114	63	237		218	218			
Other grant providers:	14 187	-	2	-	300	300	-	-	-
ACIP	13 250								
Prov Govt. Nelson Mandela Commemoration					100	100			
Public Contr. KCIH					200	200			
Mobility Strategy/National lotto/DWAF/etc	937	-	2						
Total operating expenditure of Transfers and Grants	45 644	6 849	5 534	27 035	28 655	28 655	7 727	19 838	27 882
<b>Capital expenditure of Transfers and Grants</b>									
National Government:	17 243	54 183	36 911	25 725	22 105	22 105	22 674	23 587	24 388
Municipal Infrastructure Grant (MIG)	6 631	13 971	16 947	18 755	18 755	18 755	20 674	21 587	22 388
Public Transport and Systems									
Regional Bulk Infrastructure	6 973	36 212	15 174	3 970					
Neighbourhood Development Partnership		2 000	2 418		350	350			
Municipal Systems Improvement									
INEP/FMG/MSIG	3 639	2 000	2 372	3 000	3 000	3 000	2 000	2 000	2 000
Provincial Government:	6 837	-	16 675	13 662	13 742	13 742	12 559	15 900	7 000
Housing/ABS/CDW/Library	6 837	-	16 675	11 180	11 150	11 150	10 309	15 900	7 000
Sport & Recreation Grant					100	100	100		
Provincial Library Grant					10	10	2 150		
Mobility strategy (pound)/ Walkways	19	650	223	2 482	2 482	2 482			
Total capital expenditure of Transfers and Grants	24 080	54 183	53 586	39 387	35 847	35 847	35 233	39 487	31 388
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>	<b>69 724</b>	<b>61 032</b>	<b>59 120</b>	<b>66 422</b>	<b>64 502</b>	<b>64 502</b>	<b>42 960</b>	<b>59 325</b>	<b>59 270</b>

**Table 44 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds**

WC032 Overstrand - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

Description R thousand	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Operating transfers and grants:</b>									
National Government:									
Balance unspent at beginning of the year	-	-		-					
Current year receipts	28 670	33 973	38 956	44 783	45 383	45 383	56 173	66 665	74 746
Conditions met - transferred to revenue	28 670	33 973	38 956	44 783	45 383	45 383	56 173	66 665	74 746
Conditions still to be met - transferred to liabilities									
Provincial Government:									
Balance unspent at beginning of the year	205	129	66						
Current year receipts	29 639	3 969	2 705	23 601	24 718	24 718	3 551	17 372	25 163
Conditions met - transferred to revenue	29 714	4 032	2 724	23 601	24 718	24 718	3 551	17 372	25 163
Conditions still to be met - transferred to liabilities	129	66	47						
District Municipality:									
Balance unspent at beginning of the year									
Current year receipts									
Conditions met - transferred to revenue									
Conditions still to be met - transferred to liabilities									
Other grant providers:									
Balance unspent at beginning of the year									
Current year receipts									
Conditions met - transferred to revenue									
Conditions still to be met - transferred to liabilities									
Total operating transfers and grants revenue	58 384	38 005	41 680	68 384	70 101	70 101	59 724	84 037	99 909
Total operating transfers and grants - CTBM	129	66	47	-	-	-	-	-	-
<b>Capital transfers and grants:</b>									
National Government:									
Balance unspent at beginning of the year	-	-		-					
Current year receipts	14 575	40 212	19 964	26 325	25 718	25 718	22 674	23 587	24 388
Conditions met - transferred to revenue	10 612	40 212	19 964	22 365	29 363	29 363	22 674	23 587	24 388
Conditions still to be met - transferred to liabilities	3 963	-	-	3 960	(3 645)	(3 645)			
Provincial Government:									
Balance unspent at beginning of the year	-	981	3 750	6 991					
Current year receipts	14 160	17 390	37 162	6 671	6 671	6 671	12 559	15 900	7 000
Conditions met - transferred to revenue	13 179	14 621	33 845	13 662	6 671	6 671	12 559	15 900	7 000
Conditions still to be met - transferred to liabilities	981	3 750	7 067						
District Municipality:									
Balance unspent at beginning of the year									
Current year receipts									
Conditions met - transferred to revenue									
Conditions still to be met - transferred to liabilities									
Other grant providers:									
Balance unspent at beginning of the year							1 000		
Current year receipts							1 000	-	-
Conditions met - transferred to revenue									
Conditions still to be met - transferred to liabilities									
Total capital transfers and grants revenue	23 791	54 833	53 809	36 028	36 034	36 034	36 233	39 487	31 388
Total capital transfers and grants - CTBM	4 944	3 750	7 067	3 960	(3 645)	(3 645)	-	-	-
<b>TOTAL TRANSFERS AND GRANTS REVENUE</b>	<b>82 176</b>	<b>92 838</b>	<b>95 489</b>	<b>104 412</b>	<b>106 135</b>	<b>106 135</b>	<b>95 957</b>	<b>123 524</b>	<b>131 297</b>
<b>TOTAL TRANSFERS AND GRANTS - CTBM</b>	<b>5 073</b>	<b>3 816</b>	<b>7 114</b>	<b>3 960</b>	<b>(3 645)</b>	<b>(3 645)</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 2.8 Councillor and employee benefits

**Table 45 MBRR SA22 - Summary of councillor and staff benefits**

Summary of Employee and Councillor remuneration R thousand	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Councillors (Political Office Bearers plus Other)</b>									
Basic Salaries and Wages	4 840	6 717	7 084	7 197	7 456	7 456	7 968	8 658	9 265
Pension and UIF Contributions									
Medical Aid Contributions									
Motor Vehicle Allowance									
Cellphone Allowance				380	522	522	548	411	438
Housing Allowances									
Other benefits and allowances									
<b>Sub Total - Councillors</b>	<b>4 840</b>	<b>6 717</b>	<b>7 084</b>	<b>7 577</b>	<b>7 978</b>	<b>7 978</b>	<b>8 516</b>	<b>9 069</b>	<b>9 702</b>
% increase		38.8%	5.5%	7.0%	5.3%	-	6.7%	6.5%	7.0%
<b>Senior Managers of the Municipality</b>									
Basic Salaries and Wages	7 194	7 082	8 185	8 657	8 647	8 647	9 253	9 900	10 594
Pension and UIF Contributions									
Medical Aid Contributions									
Overtime									
Performance Bonus									
Motor Vehicle Allowance									
Cellphone Allowance	126	128	139	146	146	146	163	173	183
Housing Allowances									
Other benefits and allowances									
Payments in lieu of leave									
Long service awards									
Post-retirement benefit obligations									
<b>Sub Total - Senior Managers of Municipality</b>	<b>7 320</b>	<b>7 210</b>	<b>8 324</b>	<b>8 803</b>	<b>8 793</b>	<b>8 793</b>	<b>9 416</b>	<b>10 073</b>	<b>10 777</b>
% increase		(1.5%)	15.5%	5.7%	(0.1%)	-	7.1%	7.0%	7.0%
<b>Other Municipal Staff</b>									
Basic Salaries and Wages	106 593	116 931	132 897	146 098	156 684	156 684	176 384	191 406	204 567
Pension and UIF Contributions	26 519	21 014	23 993	27 080	27 758	27 758	29 294	31 148	33 222
Medical Aid Contributions	7 007	7 354	8 176	11 179	11 355	11 355	11 191	12 384	13 197
Overtime	10 485	12 030	12 423	12 233	11 146	11 146	13 897	14 870	15 911
Performance Bonus	8 028	9 483	10 823	12 011					
Motor Vehicle Allowance	7 026	8 240	9 178	10 714	10 870	10 870	11 481	11 711	11 981
Cellphone Allowance		725	1 924	1 356	1 367	1 367	1 475	1 526	1 609
Housing Allowances	968	1 023	1 046	945	951	951	1 006	972	972
Other benefits and allowances	13 387	10 461	11 256	9 082	9 118	9 118	11 118	11 633	12 427
Payments in lieu of leave				900	2 246	2 246	2 350	2 491	2 640
Long service awards			690	813	831	831	1 206	1 217	1 613
Post-retirement benefit obligations		13 467	10 795	9 630	11 335	11 335	11 875	12 588	13 343
<b>Sub Total - Other Municipal Staff</b>	<b>180 013</b>	<b>200 729</b>	<b>223 203</b>	<b>242 039</b>	<b>243 661</b>	<b>243 661</b>	<b>271 278</b>	<b>291 946</b>	<b>311 482</b>
% increase		11.5%	11.2%	8.4%	0.7%	-	11.3%	7.6%	6.7%
<b>Total Parent Municipality</b>	<b>192 173</b>	<b>214 656</b>	<b>238 611</b>	<b>258 419</b>	<b>260 431</b>	<b>260 431</b>	<b>289 209</b>	<b>311 088</b>	<b>331 961</b>
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>	<b>192 173</b>	<b>214 656</b>	<b>238 611</b>	<b>258 419</b>	<b>260 431</b>	<b>260 431</b>	<b>289 209</b>	<b>311 088</b>	<b>331 961</b>
% increase		11.7%	11.2%	8.3%	0.8%	-	11.1%	7.6%	6.7%
<b>TOTAL MANAGERS AND STAFF</b>	<b>187 333</b>	<b>207 939</b>	<b>231 527</b>	<b>250 842</b>	<b>252 453</b>	<b>252 453</b>	<b>280 694</b>	<b>302 019</b>	<b>322 259</b>

**Table 46 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/senior managers)**

Disclosure of Salaries, Allowances & Benefits 1. Rand per annum	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
<b>Councillors</b>							
Speaker	1	579 418		21 912			601 330
Chief Whip							–
Executive Mayor	1	724 246		21 912			746 158
Deputy Executive Mayor	1	579 418		21 912			601 330
Executive Committee	4	2 172 836		87 648			2 260 484
Total for all other councillors	18	3 911 814		394 416			4 306 230
<b>Total Councillors</b>	25	7 967 732	–	547 800			8 515 532
<b>Senior Managers of the Municipality</b>							
Municipal Manager (MM)	1	1 667 002		23 311			1 690 313
Chief Finance Officer	1	1 535 287		23 311			1 558 598
Management Services	1	1 152 104		23 311			1 175 415
Community Services	1	1 273 068		23 311			1 296 379
Infrastructure & Planning	1	1 539 190		23 311			1 562 501
LED	1	1 061 990		23 311			1 085 301
Protection Services	1	1 024 141		23 311			1 047 452
<b>Total Senior Managers of the Municipality</b>	7	9 252 782	–	163 177	–		9 415 959
<b>TOTAL COST OF COUNCILLORS and EXECUTIVE</b>	32	17 220 514	–	710 977	–		17 931 491

**Table 47 MBRR SA24 – Summary of personnel numbers**

WC032 Overstrand - Supporting Table SA24 Summary of personnel numbers

Number	Summary of Personnel Numbers			2012/13			Current Year 2013/14			Budget Year 2014/15		
	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities												
Councillors (Political Office Bearers plus Other Councillors)	25	7		25	7		25	7				
Board Members of municipal entities												
Municipal employees												
Municipal Manager and Senior Managers	7	7		7	7		7	7				
Other Managers	56	50		57	49		57	49				
Professionals	53	51	-	53	52	-	54	52	-			
<i>Finance</i>	22	21		22	21		22	21				
<i>Spatial/town planning</i>	8	7		8	8		9	8				
<i>Information Technology</i>												
<i>Roads</i>	8	8		8	8		8	8				
<i>Electricity</i>	5	5		5	5		5	5				
<i>Water</i>	4	4		4	4		4	4				
<i>Sanitation</i>	3	3		3	3		3	3				
<i>Refuse</i>	3	3		3	3		3	3				
<i>Other</i>												
Technicians	213	184	-	213	203	-	213	203	-			
<i>Finance</i>												
<i>Spatial/town planning</i>	6	6		6	6		6	6				
<i>Information Technology</i>	3	3		3	3		3	3				
<i>Roads</i>	3	2		3	2		3	2				
<i>Electricity</i>	22	17		22	18		22	18				
<i>Water</i>	4	2		4	2		4	2				
<i>Sanitation</i>	6	3		6	4		6	4				
<i>Refuse</i>	3	3		3	3		3	3				
<i>Other</i>	166	148		166	165		166	165				
Clerks (Clerical and administrative)	187	176		189	177		189	177				
Service and sales workers	54	52		54	51		54	51				
Skilled agricultural and fishery workers												
Craft and related trades												
Plant and Machine Operators	42	26		42	23		42	23				
Elementary Occupations	487	471		487	474		487	474				
<b>TOTAL PERSONNEL NUMBERS</b>	<b>1 124</b>	<b>1 024</b>	<b>-</b>	<b>1 127</b>	<b>1 043</b>	<b>-</b>	<b>1 128</b>	<b>1 043</b>	<b>-</b>			
% increase				0.3%	1.9%	-	0.1%	-	-			
Total municipal employees headcount	1 099	1 031		1 102	1 036		1 102	1 036				
Finance personnel headcount	126	117		126	116		126	11				
Human Resources personnel headcount	17	15		19	18		19	18				

## 2.9 Monthly targets for revenue, expenditure and cash flow

**Table 48 MBRR SA25 - Budgeted monthly revenue and expenditure**

Description R thousand	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Revenue By Source</b>															
Property rates	14 269	12 174	12 159	12 263	12 164	12 263	12 211	12 307	12 223	12 428	12 173	12 006	148 640	158 025	165 498
Property rates - penalties & collection charges	81	99	93	79	80	78	78	79	78	76	73	155	1 050	1 103	1 158
Service charges - electricity revenue	30 670	29 815	27 877	25 232	24 179	24 160	21 249	18 683	24 652	26 355	27 433	29 782	310 085	333 146	349 869
Service charges - water revenue	6 589	5 524	6 593	6 613	8 606	9 583	11 699	9 198	9 063	8 593	6 703	7 131	95 897	99 943	105 503
Service charges - sanitation revenue	4 432	4 370	4 758	4 609	5 073	5 705	7 064	5 544	5 838	5 072	5 039	5 952	63 455	66 997	70 759
Service charges - refuse revenue	4 742	4 660	4 714	4 736	4 748	4 737	4 521	4 697	4 701	4 711	4 685	4 480	56 130	59 500	63 074
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	667	494	445	514	1 052	923	667	473	665	343	277	1 446	7 966	8 739	9 615
Interest earned - external investments	562	521	577	610	581	586	466	540	425	543	605	152	6 166	6 210	6 255
Interest earned - outstanding debtors	193	213	196	197	177	188	191	197	191	191	188	166	2 288	2 234	2 322
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines	498	431	588	498	415	930	623	991	636	873	607	876	7 965	7 378	7 817
Licences and permits	185	205	143	168	160	145	217	205	165	196	203	238	2 229	2 447	2 686
Agency services	174	164	142	205	212	181	228	172	170	198	200	433	2 480	2 727	3 000
Transfers recognised - operational	13 386	112	239	91	243	17 444	344	2 233	8 542	8 055	849	8 186	59 724	84 037	99 909
Other revenue	1 679	1 202	1 406	2 458	2 108	1 850	1 453	1 248	1 582	1 868	1 727	3 035	21 617	22 855	24 404
Gains on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and	78 126	59 983	59 931	58 272	59 798	78 772	61 012	56 568	68 931	69 502	60 760	74 038	785 691	855 339	911 867
<b>Expenditure By Type</b>															
Employee related costs	18 644	19 624	19 996	19 446	30 484	29 524	23 313	24 613	21 744	25 434	20 170	27 700	280 694	302 019	322 259
Remuneration of councillors	709	709	709	709	709	709	709	709	709	709	709	717	8 516	9 069	9 702
Debt impairment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation & asset impairment	9 591	9 591	9 591	9 591	9 591	9 591	9 521	9 521	9 583	9 583	9 583	3 928	109 265	111 199	112 750
Finance charges	141	-	-	4 907	-	9 478	-	-	121	8 128	-	21 760	44 535	46 691	48 839
Bulk purchases	2 709	20 776	21 093	9 127	10 994	18 036	13 741	12 741	15 160	18 121	13 346	13 599	169 444	183 000	197 640
Other materials	1 512	1 961	1 108	1 474	1 706	1 557	1 059	1 059	942	1 044	1 480	2 393	17 295	20 201	19 151
Contracted services	829	5 309	3 140	5 613	4 605	3 937	4 823	6 823	8 075	18 059	10 840	8 386	80 439	95 248	100 837
Transfers and grants	3 443	3 522	3 505	3 406	3 331	3 690	1 388	1 388	2 914	2 934	2 923	8 927	41 370	44 065	46 708
Other expenditure	5 968	8 542	9 156	10 456	12 240	10 117	18 537	9 683	6 465	9 681	7 778	9 247	117 869	142 288	157 571
Loss on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure	43 547	70 035	68 299	64 729	73 660	86 640	73 091	66 537	65 713	93 693	66 828	96 655	869 426	953 780	1 015 458
Surplus/(Deficit)	34 579	(10 052)	(8 368)	(6 457)	(13 863)	(7 868)	(12 079)	(9 969)	3 218	(24 192)	(6 068)	(22 618)	(83 736)	(98 441)	(103 591)
Transfers recognised - capital		2 024	1 533	3 009	4 632	7 264	3 553	472	1 671	4 683	2 084	4 305	35 233	39 487	31 388
Contributions recognised - capital						500						500	1 000	-	-
Contributed assets												-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	34 579	(8 029)	(6 835)	(3 448)	(9 230)	(103)	(8 525)	(9 497)	4 889	(19 508)	(3 983)	(17 812)	(47 503)	(58 954)	(72 203)
Surplus/(Deficit)	34 579	(8 029)	(6 835)	(3 448)	(9 230)	(103)	(8 525)	(9 497)	4 889	(19 508)	(3 983)	(17 812)	(47 503)	(58 954)	(72 203)

**Table 49 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)**

Description R thousand	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Revenue by Vote</b>															
Vote 1 - Council	18 713	27	22	399	45	15 394	27	25	13 377	4 946	29	333	53 339	65 569	73 550
Vote 2 - Municipal Manager	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Management Services	115	46	8	212	65	9	113	39	36	111	60	96	910	961	962
Vote 4 - Finance	18 026	15 549	15 705	15 844	15 531	15 551	15 601	7 380	12 747	13 212	13 251	11 263	169 661	179 861	188 464
Vote 5 - Community Services	14 878	24 080	19 067	17 660	7 846	24 652	23 583	19 806	21 074	26 037	22 343	43 057	264 083	293 832	307 451
Vote 6 - Local Economic Development	24	318	218	340	34	524	121	65	80	500	250	494	2 968	1 200	1 200
Vote 7 - Infrastructure & Planning	25 528	21 259	25 861	25 867	39 959	29 633	23 892	28 334	22 157	27 988	25 737	21 564	317 779	340 309	357 549
Vote 8 - Protection Services	842	726	584	959	950	772	1 227	1 390	1 131	1 391	1 174	2 037	13 184	13 093	14 079
<b>Total Revenue by Vote</b>	78 126	62 006	61 464	61 282	64 430	86 536	64 565	57 040	70 602	74 185	62 844	78 843	821 924	894 826	943 255
<b>Expenditure by Vote to be appropriated</b>															
Vote 1 - Council	4 345	4 454	4 424	4 681	5 462	5 967	4 465	3 104	4 589	5 387	4 010	12 041	62 928	67 152	71 111
Vote 2 - Municipal Manager	48	25	49	88	62	129	132	74	55	163	67	123	1 014	1 041	1 120
Vote 3 - Management Services	1 357	1 479	1 468	755	951	1 515	803	1 074	1 373	202	918	2 904	14 798	16 424	17 460
Vote 4 - Finance	2 862	1 404	3 678	3 655	3 193	3 012	2 253	1 795	856	1 340	1 273	218	25 539	33 250	30 904
Vote 5 - Community Services	10 879	29 000	22 858	27 872	34 665	49 467	36 975	35 596	23 471	45 143	34 896	35 028	385 850	446 618	479 319
Vote 6 - Local Economic Development	382	798	622	502	649	519	687	662	1 729	763	1 115	2 770	11 199	10 756	11 385
Vote 7 - Infrastructure & Planning	21 282	29 714	31 803	23 400	24 372	22 883	23 248	20 270	29 726	35 362	20 978	35 670	318 707	325 628	347 695
Vote 8 - Protection Services	2 391	3 161	3 396	3 775	4 307	3 148	4 529	3 961	3 915	5 334	3 571	7 902	49 390	52 911	56 464
<b>Total Expenditure by Vote</b>	43 547	70 035	68 299	64 729	73 660	86 640	73 091	66 537	65 713	93 693	66 828	96 655	869 426	953 780	1 015 458
<b>Surplus/(Deficit) before assoc.</b>	34 579	(8 029)	(6 835)	(3 448)	(9 230)	(103)	(8 525)	(9 497)	4 889	(19 508)	(3 983)	(17 812)	(47 503)	(58 954)	(72 203)
<b>Surplus/(Deficit)</b>	34 579	(8 029)	(6 835)	(3 448)	(9 230)	(103)	(8 525)	(9 497)	4 889	(19 508)	(3 983)	(17 812)	(47 503)	(58 954)	(72 203)

**Table 50 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)**

Description R thousand	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Revenue - Standard</b>															
Governance and administration	37 247	15 889	16 109	17 212	16 411	26 031	16 398	7 900	24 378	19 016	13 824	20 660	231 075	253 526	267 382
Executive and council	18 697	31	25	404	45	10 053	29	60	11 240	4 943	30	7 824	53 380	65 610	73 591
Budget and treasury office	18 026	15 549	15 705	15 844	15 531	15 551	15 601	7 380	12 747	13 212	13 251	11 263	169 661	179 861	188 464
Corporate services	523	309	379	965	835	427	768	459	391	862	543	1 572	8 034	8 055	5 328
Community and public safety	2 480	1 628	1 280	2 855	2 142	3 196	2 574	3 621	3 080	3 046	3 162	6 925	35 988	53 804	64 234
Community and social services	222	218	173	184	165	150	138	70	336	195	401	147	2 398	3 600	6 766
Sport and recreation	261	295	283	353	801	781	553	871	344	505	480	3 987	9 514	9 867	14 419
Public safety	842	726	584	959	950	772	1 227	1 390	1 131	1 391	1 174	2 037	13 184	13 093	14 079
Housing	1 155	390	240	1 359	226	1 492	656	1 290	1 269	954	1 107	754	10 892	27 243	28 969
Health													—	—	—
Economic and environmental services	255	1 008	871	1 341	277	1 508	510	1 064	706	1 335	1 408	3 555	13 839	7 721	9 314
Planning and development	238	664	510	764	252	1 224	376	291	489	694	466	2 397	8 365	6 037	6 520
Road transport	9	339	356	572	20	265	125	754	217	641	942	1 158	5 397	1 600	2 700
Environmental protection	8	5	5	5	5	18	9	19	0	0	0	(0)	76	84	93
Trading services	38 144	43 480	43 204	39 873	45 600	55 801	45 084	44 456	42 437	50 788	44 450	47 704	541 022	579 775	602 325
Electricity	22 182	26 237	26 107	19 702	21 841	31 589	22 079	30 979	23 531	32 157	27 581	28 320	312 305	335 388	352 135
Water	6 682	7 836	7 300	9 255	12 549	11 531	11 712	1 075	8 100	7 721	6 691	6 420	96 872	106 070	111 585
Waste water management	4 837	5 053	5 383	6 478	6 575	8 191	7 075	8 009	6 413	6 496	5 801	1 844	72 155	77 967	75 459
Waste management	4 443	4 354	4 415	4 437	4 635	4 490	4 218	4 393	4 394	4 414	4 377	11 120	59 691	60 350	63 146
Other												—	—	—	—
Total Revenue - Standard	78 126	62 006	61 464	61 282	64 430	86 536	64 565	57 040	70 602	74 185	62 844	78 843	821 924	894 826	943 255
<b>Expenditure - Standard</b>															
Governance and administration	7 515	8 246	9 530	10 444	11 968	15 526	7 725	7 262	7 466	17 457	8 622	15 188	126 949	146 621	150 550
Executive and council	4 281	4 597	4 683	4 922	6 078	11 179	4 869	3 509	5 351	6 324	4 914	5 569	66 276	75 146	79 304
Budget and treasury office	2 862	1 404	3 678	3 655	3 193	3 012	2 253	1 795	856	1 340	1 273	218	25 539	33 250	30 904
Corporate services	372	2 244	1 170	1 867	2 698	1 336	603	1 958	1 259	9 793	2 435	9 400	35 134	38 225	40 342
Community and public safety	5 864	7 391	7 517	8 373	10 189	8 012	8 232	11 373	7 974	17 085	7 617	14 861	114 489	132 786	151 719
Community and social services	2 093	2 481	2 417	2 646	3 686	2 508	1 254	5 366	2 273	2 718	2 417	2 277	32 137	33 840	36 083
Sport and recreation	1 297	1 608	1 612	1 768	2 008	2 245	2 348	1 852	1 683	1 902	1 519	3 199	23 042	24 979	26 929
Public safety	2 391	3 161	3 396	3 775	4 307	3 148	4 529	3 961	3 915	5 334	3 571	8 446	49 934	53 484	57 062
Housing	83	141	91	183	188	111	101	193	103	7 131	110	939	9 375	20 483	31 644
Health												—	—	—	—
Economic and environmental services	7 334	8 575	9 635	10 746	11 284	10 778	11 787	9 835	15 925	17 457	15 676	10 760	139 791	148 212	154 339
Planning and development	1 574	2 340	3 037	2 540	3 917	2 765	2 165	2 763	8 636	3 052	2 889	1 819	37 498	38 304	40 801
Road transport	5 422	5 893	6 217	7 857	6 632	7 503	9 153	6 586	6 778	14 009	12 169	6 966	95 184	101 235	104 258
Environmental protection	339	342	381	349	735	510	469	486	510	396	619	1 975	7 110	8 672	9 280
Trading services	22 834	45 823	41 616	35 166	40 219	52 323	45 346	38 067	34 348	41 694	34 913	55 847	488 197	526 162	558 850
Electricity	11 755	32 073	27 478	18 396	22 447	31 452	30 739	23 865	20 201	22 152	19 887	11 841	272 285	275 899	295 013
Water	4 615	5 482	5 597	7 790	6 741	9 251	6 461	6 035	6 033	9 032	5 818	20 502	93 357	114 724	119 367
Waste water management	3 717	4 404	4 414	5 026	5 509	7 264	3 201	4 436	3 934	5 166	4 901	14 938	66 910	75 498	79 013
Waste management	2 746	3 863	4 128	3 955	5 522	4 356	4 945	3 732	4 180	5 345	4 307	8 567	55 645	60 041	65 458
Other												—	—	—	—
Total Expenditure - Standard	43 547	70 035	68 299	64 729	73 660	86 640	73 091	66 537	65 713	93 693	66 828	96 655	869 426	953 780	1 015 458
Surplus/(Deficit)	34 579	(8 029)	(6 835)	(3 448)	(9 230)	(103)	(8 525)	(9 497)	4 889	(19 508)	(3 983)	(17 812)	(47 503)	(58 954)	(72 203)

**Table 51 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)**

Description R thousand	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<u>Multi-year expenditure to be appropriated</u>															
Vote 1 - Council												-	-	-	-
Vote 2 - Municipal Manager												-	-	-	-
Vote 3 - Management Services			100		750							-	850	-	-
Vote 4 - Finance												-	-	-	-
Vote 5 - Community Services	6 550	7 200	6 800	7 400	3 099	3 980	3 750	4 774	4 280	4 905	2 700	16 200	71 638	66 662	58 718
Vote 6 - Local Economic Development												-	-	-	-
Vote 7 - Infrastructure & Planning	1 074	339	161	593	536	3 518	3 854	1 712	2 014	2 838	1 473	2 374	20 485	19 500	22 500
Vote 8 - Protection Services												-	-	-	-
Capital multi-year expenditure sub-total	7 624	7 539	7 061	7 993	4 385	7 498	7 604	6 486	6 294	7 743	4 173	18 574	92 972	86 162	81 218
<u>Single-year expenditure to be appropriated</u>															
Vote 1 - Council												-	-	-	-
Vote 2 - Municipal Manager												-	-	-	-
Vote 3 - Management Services												-	-	-	-
Vote 4 - Finance												-	-	-	-
Vote 5 - Community Services												-	-	-	-
Vote 6 - Local Economic Development												-	-	-	-
Vote 7 - Infrastructure & Planning												-	-	-	-
Vote 8 - Protection Services												-	-	-	-
Capital single-year expenditure sub-total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure	7 624	7 539	7 061	7 993	4 385	7 498	7 604	6 486	6 294	7 743	4 173	18 574	92 972	86 162	81 218

**Table 52 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)**

WC032 Overstrand - Supporting Table SA29 Budgeted monthly capital expenditure (standard classification)

Description R thousand	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Capital Expenditure - Standard</b>															
Governance and administration	330	140	250	1 150	1 000	2 650	100	285	900	300	900	8 030	16 034	2 675	8 830
Executive and council												-	-	-	-
Budget and treasury office												-	-	-	-
Corporate services	330	140	250	1 150	1 000	2 650	100	285	900	300	900	8 030	16 034	2 675	8 830
Community and public safety	3 800	3 750	2 200	2 750	49	1 080	450	674	1 080	355	-	1 050	17 238	18 839	13 800
Community and social services												-	3 890	-	-
Sport and recreation	500	500	500	500								1 039	3 039	2 939	6 800
Public safety												-	-	-	-
Housing	3 300	2 750	1 500	1 500	49	725		474				11	10 309	15 900	7 000
Health												-	-	-	-
Economic and environmental services	1 000	1 200	1 550	1 350	-	-	-	-	-	150	-	150	5 400	4 900	4 000
Planning and development												-	-	-	-
Road transport	1 000	1 200	1 550	1 350						150		150	5 400	4 900	4 000
Environmental protection												-	-	-	-
Trading services	2 594	2 449	3 061	3 743	3 336	5 768	7 054	5 527	4 914	6 938	3 773	5 144	54 300	59 748	54 588
Electricity	844	199	11	443	286	2 868	3 754	1 427	1 714	2 538	1 073	1 844	17 000	18 500	18 500
Water	1 000	1 100	1 200	1 200	800	600	1 300	1 300	1 300	1 400	1 400	1 200	13 800	26 594	26 488
Waste water management	650	1 050	1 450	1 600	1 350	1 000	500	1 200	1 400	1 500	800	800	13 300	14 654	9 600
Waste management	100	100	400	500	900	1 300	1 500	1 600	500	1 500	500	1 300	10 200	-	-
Other												-	-	-	-
Total Capital Expenditure - Standard	7 724	7 539	7 061	8 993	4 385	9 498	7 604	6 486	6 893	7 743	4 673	14 374	92 972	86 162	81 218

**Table 53 MBRR SA30 - Budgeted monthly cash flow**

MONTHLY CASH FLOWS R thousand	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Cash Receipts By Source</b>															
Property rates	14 235	12 142	12 127	12 229	12 132	12 231	12 180	12 272	12 192	12 396	12 141	11 977	148 254	157 839	165 416
Property rates - penalties & collection charges	81	99	93	79	80	78	78	79	78	76	73	155	1 050	1 103	1 158
Service charges - electricity revenue	30 596	29 738	27 804	25 163	24 115	24 098	21 194	18 629	24 589	26 288	27 362	29 710	309 285	332 754	349 694
Service charges - water revenue	6 573	5 509	6 576	6 595	8 584	9 559	11 669	9 171	9 040	8 571	6 686	7 114	95 648	99 825	105 450
Service charges - sanitation revenue	4 421	4 359	4 745	4 596	5 060	5 691	7 046	5 528	5 823	5 059	5 025	5 937	63 290	66 918	70 723
Service charges - refuse revenue	4 731	4 648	4 702	4 723	4 735	4 724	4 509	4 683	4 689	4 699	4 672	4 469	55 984	59 430	63 042
Service charges - other	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Rental of facilities and equipment	665	493	444	513	1 049	921	666	472	663	342	276	1 442	7 946	8 729	9 610
Interest earned - external investments	562	521	577	610	581	586	466	540	425	543	605	152	6 166	6 210	6 255
Interest earned - outstanding debtors	193	213	196	197	177	188	191	197	191	191	188	166	2 288	2 234	2 322
Dividends received	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Fines	498	431	588	498	415	930	623	991	636	873	607	876	7 965	7 378	7 817
Licences and permits	185	205	143	168	160	145	217	205	165	196	203	238	2 229	2 447	2 686
Agency services	174	164	142	205	212	181	228	172	170	198	200	433	2 480	2 727	3 000
Transfer receipts - operational	13 386	112	239	91	243	17 444	344	2 233	8 542	8 055	849	8 186	59 724	84 037	99 909
Other revenue	1 262	786	990	2 042	1 692	1 433	1 037	832	1 165	1 452	1 310	2 618	16 619	27 450	15 379
<b>Cash Receipts by Source</b>	<b>77 562</b>	<b>59 419</b>	<b>59 367</b>	<b>57 709</b>	<b>59 234</b>	<b>78 208</b>	<b>60 448</b>	<b>56 005</b>	<b>68 367</b>	<b>68 938</b>	<b>60 196</b>	<b>73 474</b>	<b>778 928</b>	<b>859 079</b>	<b>902 459</b>
<b>Other Cash Flows by Source</b>															
Transfer receipts - capital	—	2 024	1 533	3 009	4 632	7 264	3 553	472	1 671	4 683	2 084	4 305	35 233	39 487	31 388
Contributions recognised - capital & Contributed a	—	—	—	—	—	500	—	—	—	—	—	500	1 000	—	—
Proceeds on disposal of PPE	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Short term loans	—	—	6 482	(83)	(84)	(85)	(86)	(86)	(87)	(88)	(89)	(273)	5 520	(1 176)	(1 323)
Borrowing long term/refinancing	—	—	—	—	—	—	40 000	—	—	—	—	—	40 000	45 000	45 000
Increase (decrease) in consumer deposits	225	225	225	225	225	225	225	225	225	225	225	225	2 703	2 893	3 095
Decrease (Increase) in non-current debtors	—	—	—	—	—	—	—	—	—	—	—	—	—	—	39 500
Decrease (increase) other non-current receivables	1	1	1	1	1	1	1	1	1	1	1	1	15	14	14
Decrease (increase) in non-current inv estments	(486)	(486)	(486)	(486)	(486)	(486)	(486)	(486)	(486)	(486)	(486)	(486)	(5 827)	(5 618)	(5 683)
<b>Total Cash Receipts by Source</b>	<b>77 303</b>	<b>61 184</b>	<b>67 123</b>	<b>60 376</b>	<b>63 524</b>	<b>85 629</b>	<b>103 657</b>	<b>56 131</b>	<b>69 692</b>	<b>73 274</b>	<b>61 932</b>	<b>77 747</b>	<b>857 573</b>	<b>939 679</b>	<b>1 014 450</b>
<b>Cash Payments by Type</b>															
Employee related costs	18 325	19 305	19 677	19 127	30 165	29 205	22 994	24 294	21 425	25 114	19 850	27 381	276 860	297 074	317 056
Remuneration of councillors	709	709	709	709	709	709	709	709	709	709	709	717	8 516	9 069	9 702
Finance charges	141	—	—	4 907	—	9 478	—	—	121	8 128	—	21 760	44 535	46 691	48 839
Bulk purchases - Electricity	2 709	20 776	21 093	9 127	10 994	18 036	13 741	12 741	15 160	18 121	13 346	13 599	169 444	183 000	197 640
Bulk purchases - Water & Sewer	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other materials	1 512	1 961	1 108	1 474	1 706	1 557	1 059	1 059	942	1 044	1 480	2 393	17 295	20 201	19 151
Contracted services	829	5 309	3 140	5 613	4 605	3 937	4 823	6 823	8 075	18 059	10 840	8 386	80 439	95 248	100 837
Transfers and grants - other municipalities	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Transfers and grants - other	3 443	3 522	3 505	3 406	3 331	3 690	1 388	1 388	2 914	2 934	2 923	8 927	41 370	44 065	46 708
Other expenditure	4 598	7 173	7 787	9 086	10 870	8 748	17 167	8 314	5 096	8 311	6 408	7 877	101 436	129 276	162 641
<b>Cash Payments by Type</b>	<b>32 267</b>	<b>58 755</b>	<b>57 019</b>	<b>53 449</b>	<b>62 380</b>	<b>75 359</b>	<b>61 880</b>	<b>55 327</b>	<b>54 441</b>	<b>82 422</b>	<b>55 556</b>	<b>91 039</b>	<b>739 895</b>	<b>824 624</b>	<b>902 576</b>
<b>Other Cash Flows/Payments by Type</b>															
Capital assets	7 724	7 539	7 061	8 993	4 385	9 498	7 604	6 486	6 893	7 743	4 673	14 374	92 972	86 162	81 218
Repayment of borrowing	998	—	57	4 408	965	3 588	1 002	—	61	4 698	1 033	4 252	21 061	23 929	27 220
Other Cash Flows/Payments	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<b>Total Cash Payments by Type</b>	<b>40 988</b>	<b>66 294</b>	<b>64 137</b>	<b>66 849</b>	<b>67 730</b>	<b>88 445</b>	<b>70 487</b>	<b>61 813</b>	<b>61 396</b>	<b>94 863</b>	<b>61 263</b>	<b>109 665</b>	<b>853 929</b>	<b>934 715</b>	<b>1 011 013</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>36 315</b>	<b>(5 110)</b>	<b>2 987</b>	<b>(6 473)</b>	<b>(4 207)</b>	<b>(2 816)</b>	<b>33 171</b>	<b>(5 682)</b>	<b>8 296</b>	<b>(21 589)</b>	<b>669</b>	<b>(31 918)</b>	<b>3 644</b>	<b>4 964</b>	<b>3 437</b>
Cash/cash equivalents at the month/year begin:	84 406	120 721	115 611	118 598	112 124	107 918	105 102	138 273	132 591	140 887	119 298	119 968	84 406	88 050	93 014
Cash/cash equivalents at the month/year end:	120 721	115 611	118 598	112 124	107 918	105 102	138 273	132 591	140 887	119 298	119 968	88 050	93 014	96 452	

## **2.10 Annual budgets and SDBIP**

The draft SDBIP will be tabled at the Council meeting to be held on 20 March 2014.

## **2.11 Contracts having future budgetary implications**

In terms of the Municipality's Supply Chain Management Policy all contracts awarded beyond the medium-term revenue and expenditure framework (three years) are listed in Table 70 on page 103. In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

## **2.12 Capital expenditure details**

The following four tables present details of the Municipality's capital expenditure programme, firstly on new assets, then the renewal of assets, the repair and maintenance of assets and finally, the depreciation of assets.

**Table 54 MBRR SA 34a - Capital expenditure on new assets by asset class**

Description R thousand	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Capital expenditure on new assets by Asset Class/Sub-class</b>									
<b>Infrastructure</b>	104 389	133 045	108 252	50 904	55 858	55 858	59 700	64 648	58 588
Infrastructure - Road transport	20 923	12 754	15 578	9 160	9 360	9 360	6 200	6 900	5 000
Roads, Pavements & Bridges	15 761	5 477	10 720	9 160	9 160	9 160	5 400	4 900	4 000
Storm water	5 162	7 278	4 858		200	200	800	2 000	1 000
Infrastructure - Electricity	32 411	30 061	22 203	23 894	25 886	25 886	17 000	18 500	18 500
Generation									
Transmission & Reticulation	32 411	30 061	22 203	23 894	25 886	25 886	17 000	18 500	18 500
Street Lighting									
Infrastructure - Water	34 053	57 384	48 634	7 300	8 392	8 392	13 800	26 594	26 488
Dams & Reservoirs									
Water purification	34 053	57 384	48 634	7 300	8 392	8 392	13 800	26 594	26 488
Reticulation									
Infrastructure - Sanitation	15 142	32 650	16 478	9 150	9 180	9 180	12 500	12 654	8 600
Reticulation									
Sewerage purification	15 142	32 650	16 478	9 150	9 180	9 180	12 500	12 654	8 600
Infrastructure - Other	1 859	196	5 359	1 400	3 041	3 041	10 200	-	-
Waste Management	1 859	196	5 359	1 400	3 041	3 041	10 200		
Transportation									
Gas									
Other									
<b>Community</b>	17 814	6 183	20 997	13 189	13 609	13 609	20 722	19 839	17 800
Parks & gardens			2 156						
Sportsfields & stadia	1 743	5 538	1 964	5 000	5 471	5 471	3 039	2 939	6 800
Swimming pools			3						
Community halls									
Libraries									
Recreational facilities									
Fire, safety & emergency									
Security and policing									
Buses									
Clinics									
Museums & Art Galleries									
Cemeteries									
Social rental housing									
Other	7 118		16 651	5 689	3 366	3 366	10 309	15 900	7 000
	8 934		-	2 500	4 772	4 772	7 374	1 000	4 000
<b>Heritage assets</b>	-	-	-	-	-	-	-	-	-
Buildings									
Other									
<b>Investment properties</b>	-	-	-	-	-	-	-	-	-
Housing development									
Other									
<b>Other assets</b>	31 796	23 118	9 038	6 638	8 358	8 358	12 550	1 675	4 830
General vehicles	2 847	6 800		4 695	4 695	4 695	10 525	1 000	4 000
Specialised vehicles	-	-	-	-	-	-	-	-	-
Plant & equipment									
Computers - hardware/equipment	1 629	3 838		600	1 030	1 030	850		
Furniture and other office equipment	3 202	148		1 343	2 633	2 633	1 175	675	830
Abattoirs									
Markets									
Civic Land and Buildings									
Other Buildings									
Other Land									
Surplus Assets - (Investment or inventory)									
Other	24 118	12 332	9 038						
<b>Agricultural assets</b>	-	-	-	-	-	-	-	-	-
<i>List sub-class</i>									
<b>Biological assets</b>	-	-	-	-	-	-	-	-	-
<i>List sub-class</i>									
<b>Intangibles</b>	118	928	1 330	-	-	-	-	-	-
Computers - software & programming	118	928	1 330						
Other ( <i>List sub-class</i> )									
<b>Total Capital Expenditure on new assets</b>	154 117	163 275	139 617	70 731	77 825	77 825	92 972	86 162	81 218

**Table 55 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class**

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16
<b>Capital expenditure on renewal of existing assets by Asset Class/Sub-class</b>									
<b>Infrastructure</b>	-	-	131	32 610	38 826	38 826	-	-	-
Infrastructure - Road transport	-	-	131	8 710	7 069	7 069	-	-	-
<i>Roads, Pavements &amp; Bridges</i>				8 710	7 069	7 069			
<i>Storm water</i>			131						
Infrastructure - Electricity	-	-	-	13 300	13 344	13 344	-	-	-
<i>Generation</i>									
<i>Transmission &amp; Reticulation</i>				13 300	13 344	13 344			
<i>Street Lighting</i>									
Infrastructure - Water	-	-	-	8 600	15 440	15 440	-	-	-
<i>Dams &amp; Reservoirs</i>				200	200	200			
<i>Water purification</i>									
<i>Reticulation</i>				8 400	15 240	15 240			
Infrastructure - Sanitation	-	-	-	2 000	2 974	2 974	-	-	-
<i>Reticulation</i>									
<i>Sewerage purification</i>				2 000	2 974	2 974			
Infrastructure - Other	-	-	-	-	-	-	-	-	-
<i>Waste Management</i>									
<i>Transportation</i>									
<i>Gas</i>									
<i>Other</i>									
<b>Community</b>	-	-	756	5 716	8 992	8 992	-	-	-
Parks & gardens				225	225	225			
Sportsfields & stadia									
Swimming pools									
Community halls									
Libraries									
Recreational facilities									
Fire, safety & emergency									
Security and policing									
Buses									
Clinics									
Museums & Art Galleries									
Cemeteries									
Social rental housing									
Other									
<b>Heritage assets</b>	-	-	-	-	-	-	-	-	-
Buildings									
Other									
<b>Investment properties</b>	-	-	-	-	-	-	-	-	-
Housing development									
Other									
<b>Other assets</b>	-	-	3 260	-	-	-	-	-	-
General vehicles			3 260						
Specialised vehicles									
Plant & equipment									
Computers - hardware/equipment									
Furniture and other office equipment									
Abattoirs									
Markets									
Civic Land and Buildings									
Other Buildings									
Other Land									
Surplus Assets - (Investment or Inventory)									
Other									
<b>Agricultural assets</b>	-	-	-	-	-	-	-	-	-
List sub-class									
<b>Biological assets</b>	-	-	-	-	-	-	-	-	-
List sub-class									
<b>Intangibles</b>	-	-	-	839	839	839	-	-	-
Computers - software & programming				839	839	839			
Other (list sub-class)									
<b>Total Capital Expenditure on renewal of existing</b>	-	-	4 147	39 166	48 657	48 657	-	-	-
<i>Renewal of Existing Assets as % of total capex</i>	0.0%	0.0%	2.9%	35.6%	38.5%	38.5%	0.0%	0.0%	0.0%
<i>Renewal of Existing Assets as % of deprecn"</i>	0.0%	0.0%	3.9%	37.7%	47.7%	47.7%	0.0%	0.0%	0.0%

**Table 56 MBRR SA34c - Repairs and maintenance expenditure by asset class**

Description R thousand	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Repairs and maintenance expenditure by Asset Class/Sub-class</b>									
<b>Infrastructure</b>	38 271	43 120	87 048	135 022	131 381	131 381	136 837	156 116	162 973
Infrastructure - Road transport	25 980	25 843	42 236	62 485	63 816	63 816	68 562	74 899	78 492
<i>Roads, Pavements &amp; Bridges</i>	25 391	25 231	39 790	58 578	60 122	60 122	62 250	68 195	71 362
<i>Storm water</i>	588	611	2 446	3 907	3 694	3 694	6 312	6 704	7 130
Infrastructure - Electricity	3 998	4 601	14 105	27 457	21 945	21 945	25 528	23 859	25 415
<i>Generation</i>	3 998	4 601	14 105	27 457	21 945	21 945	25 528	23 859	25 415
<i>Transmission &amp; Reticulation</i>									
<i>Street Lighting</i>									
Infrastructure - Water	3 568	6 892	21 502	28 574	27 464	27 464	26 794	36 728	36 961
<i>Dams &amp; Reservoirs</i>	3 568	52	80						
<i>Water purification</i>		1 709	1 963						
<i>Reticulation</i>		5 132	19 459	28 574	27 464	27 464	26 794	36 728	36 961
Infrastructure - Sanitation	3 564	4 568	7 708	14 662	16 443	16 443	14 153	18 398	19 663
<i>Reticulation</i>	3 564	3 687	6 623						
<i>Sewerage purification</i>		882	1 085	14 662	16 443	16 443	14 153	18 398	19 663
Infrastructure - Other	1 162	1 215	1 499	1 844	1 714	1 714	1 800	2 232	2 442
<i>Waste Management</i>	1 162	1 215	1 499	1 844	1 714	1 714	1 800	2 232	2 442
<i>Transportation</i>									
<i>Gas</i>									
<i>Other</i>									
<b>Community</b>	3 574	6 012	5 408	8 252	8 749	8 749	9 298	10 114	11 373
Parks & gardens	993	1 410	1 503	2 568	2 602	2 602	2 819	3 010	3 233
Sportsfields & stadia	399	456	956	1 034	959	959	1 023	1 152	1 221
Swimming pools	312	228	289	303	224	224	302	331	347
Community halls	1 017	734	916	904	1 128	1 128	906	906	975
Libraries	110	180	161	221	235	235	171	197	213
Recreational facilities									
Fire, safety & emergency	641	538	848	841	975	975	1 185	1 291	1 407
Security and policing		524	546	638	630	630	781	859	945
Buses				—	—	—			
Clinics				—	—	—			
Museums & Art Galleries				—	—	—			
Cemeteries				—	—	—			
Social rental housing				—	—	—			
Other				—	—	—			
<b>Heritage assets</b>	—	—	—	—	—	—	—	—	—
Buildings									
Other									
<b>Investment properties</b>	199	270	—	—	—	—	—	—	—
Housing development	199	270							
Other									
<b>Other assets</b>	16 195	15 443	21 958	20 086	14 666	14 666	15 963	21 086	21 989
General vehicles	4 600	4 682	5 399						
Specialised vehicles	—	—	—	—	—	—	—	—	—
Plant & equipment									
Computers - hardware/equipment	4 215	4 309	5 035	5 852	4 737	4 737	6 157	6 490	6 826
Furniture and other office equipment									
Abattoirs									
Markets									
Civic Land and Buildings									
Other Buildings									
Other Land									
Surplus Assets - (Investment or Inventory)									
Other	5 931	5 429	10 156	13 061	8 795	8 795	8 591	13 296	13 787
<b>Agricultural assets</b>	—	—	—	—	—	—	—	—	—
<i>List sub-class</i>									
<b>Biological assets</b>	—	—	—	—	—	—	—	—	—
<i>List sub-class</i>									
<b>Intangibles</b>	—	—	—	—	—	—	—	—	—
Computers - software & programming									
Other (list sub-class)									
<b>Total Repairs and Maintenance Expenditure</b>	58 239	64 845	114 414	163 360	154 795	154 795	162 097	187 315	196 335
<b>R&amp;M as % of PPE</b>	1.9%	2.1%	3.7%	5.3%	5.0%	5.0%	5.3%	6.2%	6.5%
<b>R&amp;M as % Operating Expenditure</b>	9.1%	8.7%	15.3%	19.8%	18.7%	18.7%	18.6%	19.6%	19.3%

**Table 57 MBRR SA34d – Depreciation by asset class**

Description R thousand	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Depreciation by Asset Class/Sub-class</b>									
<b>Infrastructure</b>	<b>89 270</b>	<b>87 037</b>	<b>81 024</b>	<b>90 494</b>	<b>86 361</b>	<b>86 361</b>	<b>93 344</b>	<b>94 954</b>	<b>96 507</b>
Infrastructure - Road transport	36 975	36 340	29 902	37 311	30 673	30 673	31 514	31 709	32 187
Roads, Pavements & Bridges	34 887	34 105	27 879	37 311	28 652	28 652	29 493	29 688	30 135
Storm water	2 088	2 235	2 023		2 021	2 021	2 021	2 021	2 051
Infrastructure - Electricity	18 645	18 441	18 751	22 284	20 880	20 880	22 789	23 022	23 425
Generation									
Transmission & Reticulation	18 645	18 441	18 751	22 284	20 880	20 880	22 789	23 022	23 425
Street Lighting									
Infrastructure - Water	16 932	16 029	16 106	14 546	17 424	17 424	20 368	21 371	21 745
Dams & Reservoirs	16 932	16 029	16 106	14 546	17 424	17 424	20 368	21 371	21 745
Water purification									
Reticulation									
Infrastructure - Sanitation	13 808	13 422	13 391	12 696	14 127	14 127	15 067	15 245	15 489
Reticulation	13 808	13 422	13 391	12 696	14 127	14 127	15 067	15 245	15 489
Sewerage purification									
Infrastructure - Other	2 909	2 804	2 874	3 657	3 257	3 257	3 607	3 607	3 661
Waste Management				3 657	3 257	3 257	3 607	3 607	3 661
Transportation									
Gas									
Other	720	637	618						
<b>Community</b>	<b>4 707</b>	<b>4 359</b>	<b>4 651</b>	<b>4 696</b>	<b>4 822</b>	<b>4 822</b>	<b>4 822</b>	<b>4 822</b>	<b>4 822</b>
Parks & gardens									
Sportsfields & stadia									
Swimming pools									
Community halls									
Libraries									
Recreational facilities									
Fire, safety & emergency									
Security and policing									
Buses									
Clinics									
Museums & Art Galleries									
Cemeteries									
Social rental housing									
Other									
<b>Heritage assets</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Buildings									
Other									
<b>Investment properties</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Housing development									
Other									
<b>Other assets</b>	<b>12 663</b>	<b>12 427</b>	<b>19 233</b>	<b>8 402</b>	<b>10 216</b>	<b>10 216</b>	<b>10 216</b>	<b>10 539</b>	<b>10 538</b>
General vehicles	2 330	2 077	2 360	1 864	2 360	2 360	2 360	2 683	2 682
Specialised vehicles	–	–	–	–	–	–	–	–	–
Plant & equipment									
Computers - hardware/equipment	1 145	1 334	1 948	838	1 948	1 948	1 948	1 948	1 948
Furniture and other office equipment	275	244	254	344	254	254	254	254	254
Abattoirs					–				
Markets					–				
Civic Land and Buildings					–				
Other Buildings					–				
Other Land					–				
Surplus Assets - (Inv estment or Inv entory)					–				
Other					–				
<b>Agricultural assets</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<i>List sub-class</i>									
<b>Biological assets</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<i>List sub-class</i>									
<b>Intangibles</b>	<b>137</b>	<b>219</b>	<b>373</b>	<b>218</b>	<b>671</b>	<b>671</b>	<b>883</b>	<b>884</b>	<b>883</b>
Computers - software & programming	137	219	373	218	671	671	883	884	883
Other (list sub-class)									
<b>Total Depreciation</b>	<b>106 777</b>	<b>104 041</b>	<b>105 280</b>	<b>103 810</b>	<b>102 070</b>	<b>102 070</b>	<b>109 265</b>	<b>111 199</b>	<b>112 750</b>

**Table 58 MBRR SA35 - Future financial implications of the capital budget**

Vote Description R thousand	2014/15 Medium Term Revenue & Expenditure Framework			Forecasts			
	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	Forecast 2017/18	Forecast 2018/19	Forecast 2019/20	Present value
<b>Capital expenditure</b>							
Vote 1 - Council	-	-	-				
Vote 2 - Municipal Manager	-	-	-				
Vote 3 - Management Services	850	-	-				
Vote 4 - Finance	-	-	-				
Vote 5 - Community Services	71 638	66 662	58 718	62 241	65 976	69 934	74 130
Vote 6 - Local Economic Development	-	-	-				
Vote 7 - Infrastructure & Planning	20 485	19 500	22 500	23 850	25 281	26 798	28 406
Vote 8 - Protection Services	-	-	-				
<b>Total Capital Expenditure</b>	<b>92 972</b>	<b>86 162</b>	<b>81 218</b>	<b>86 091</b>	<b>91 257</b>	<b>96 732</b>	<b>102 536</b>

**Table 59 MBRR SA36 - Detailed capital budget per municipal vote**

Municipal Vote/Capital project R thousand	Program/Project description	Project number	IDP Goal code 2	Individually Approved (Yes/No)	Asset Class 3	Asset Sub-Class 3	GPS co-ordinates 5	Total Project Estimate	Prior year outcomes		2014/15 Medium Term Revenue & Expenditure Framework				Project information		
									Audited Outcome 2012/13	Current Year 2013/14 Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	Ward location	New or renewal		
<i>List all capital projects grouped by Municipal Vote</i>																	
300 - INFORMATION & COMMUNICATION TECHNOLOGY																	
Additional Disc Storage for DR Site (Onrus)	Additional Disc Storage for DR Site (Onrus)			Yes	Other	Computers - hardware/equipment	34°24'45.16S / 19°10'21.22E		1 274	1 869					Overstrand	New	
RF Network: Hawston Mast	RF Network: Hawston Mast			Yes	Other	Computers - hardware/equipment	34°23'52.01S / 19°06'38.72E				100				Overstrand	New	
RF Network: Gansbaai Region Mast	RF Network: Gansbaai Region Mast			Yes	Other	Computers - hardware/equipment	34°36'31.10S / 19°20'16.30E				250				Overstrand	New	
RF Network: Kleinmond Regional Mast	RF Network: Kleinmond Regional Mast			Yes	Other	Computers - hardware/equipment	34°20'10.99S / 19°04'46.72E				250				Overstrand	New	
300 - Property Services																	
Extension of Thusong Centre	Extension of Thusong Centre			Yes	Infrastructure - Other	Other	19°08'03"E34°23'29"S								Ward 08	New	
Building of additional court for municipal matters	Building of additional court for municipal matters			Yes	Infrastructure - Other	Other	19°14'18"E en 34° 25'03"S				200				Overstrand	New	
Equipment for additional court	Equipment for additional court			Yes	Infrastructure - Other	Other	19°14'18"E en 34° 25'03"S				250				Overstrand	New	
MIG PMU Building	MIG PMU Building			Yes	Infrastructure - Other	Other	19°12'25"E34°24'28"S				1 035				Ward 03	New	
Kleinmond Library upgrade	Kleinmond Library upgrade			Yes	Infrastructure - Other	Other	19°01'54"E 34°20'25"S				2 000				Ward 09	New	
400 - WARD SPECIFIC PROJECTS																	
Ward Specific Projects - Kleinmond	Ward Specific Projects - Kleinmond			Yes	Community	Other	19°01'54"E 34°20'25"S				500				Ward 09,10	New	
Ward Specific Projects - Hermanus	Ward Specific Projects - Hermanus			Yes	Community	Other	19°12'25"E34°24'28"S				2 455				Ward 03,04,05,06,0	New	
Ward Specific Projects - Gansbaai	Ward Specific Projects - Gansbaai			Yes	Community	Other	19.349477 -34.607311				935				Ward 01,02,11	New	
500 - SPORT & RECREATION																	
Overhills: Kleinmond Soccer Field	Overhills: Kleinmond Soccer Field			Yes	Other	Sportsfields & stadia	19°00'21"E34°20'08"S				2 601	5 696			Ward 09	New	
Turf Soccerfield	Turf Soccerfield			Yes	Other	Sportsfields & stadia	19°13'01"E34°25'56"S						2 000	2 800	Ward 12	New	
Overstrand sport facilities development project	Overstrand sport facilities development project			Yes	Other	Sportsfields & stadia	34°22'58."S 19°07'37.00"E						100		Overstrand	New	
Sport Facilities	Sport Facilities			Yes	Other	Sportsfields & stadia	Overstrand wide								4 000	Overstrand	New
700 - HOUSING																	
Gansbaai project- 155 SITES	Gansbaai project- 155 SITES			Yes	Infrastructure - Other	Social rental housing	34.593704 19.345044								Ward 02	New	
Hermanus Swartdamweg Institutional -320 SITES	Hermanus Swartdamweg Institutional -320 SITES			Yes	Infrastructure - Other	Social rental housing	34.422824 19.218703				6 774	6 800			Ward 03	New	
Zwelihle Garden site -77 SITES	Zwelihle Garden site -77 SITES			Yes	Infrastructure - Other	Social rental housing	34.429752 19.209423							1 400	Ward 06	New	
Zwelihle Mandela Square -180 SITES	Zwelihle Mandela Square -180 SITES			Yes	Infrastructure - Other	Social rental housing	34.428927 19.209706							2 600	Ward 06	New	
Zwelihle project -Transit camp/Asizani	Zwelihle project -Transit camp/Asizani			Yes	Infrastructure - Other	Social rental housing	34.426228 19.216456							2 000	Ward 06	New	
Mount Pleasant IRDP	Mount Pleasant IRDP			Yes	Infrastructure - Other	Social rental housing	34.414663 19.214140						474	4 100	Ward 04	New	
Kleinmond Overhills	Kleinmond Overhills			Yes	Infrastructure - Other	Social rental housing	34.336437 19.006527						250	600	2 000	Ward 10	New
Stanford IRDP	Stanford IRDP			Yes	Infrastructure - Other	Social rental housing	34.445860 19.448758						300	400	1 000	Ward 11	New
Hawston project - IRDP	Hawston project - IRDP			Yes	Infrastructure - Other	Social rental housing	34.387826 19.138307							2 000	Ward 08	New	

## Detailed capital budget per municipal vote (continued)

Municipal Vote/Capital project R thousand	Program/Project description	Project number	IDP Goal code 2	Individually Approved (Yes/No)	Asset Class 3	Asset Sub-Class 3	GPS co-ordinates 5	Total Project Estimate	Prior year outcomes		2014/15 Medium Term Revenue & Expenditure Framework			Project information	
									Audited Outcome 2012/13	Current Year Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	Ward location	New or renewal
1000 -ROADS															
Upgrade and rehabilitate roads	Upgrade and rehabilitate roads			Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	19°12'42"E 34°25'20"S	24 607	16 228	4 650				Ward 12	New
Upgrade of Landa Road (Mandela Square)	Upgrade of Landa Road (Mandela Square)			Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	19°12'37"E 34°25'36"S			450				Ward 05	New
Rehabilitation of existing Pave Road (LIC)	Rehabilitation of existing Pave Road (LIC)			Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	19°12'46"E 34°25'48"S			-	1 400	2 000		Ward 06	New
Rehabilitate roads and upgrade stormwater	Rehabilitate roads and upgrade stormwater			Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	19°12'59"E 34°25'20"S			300	3 500	1 500		Ward 04	New
Rehabilitate roads - Angelier Street	Rehabilitate roads - Angelier Street			Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	19°12'47"E 34°25'07"S			-	-	500		Ward 04	New
1200 - ELECTRICITY								26 768	39 229						
Franskraal,Kleinbaai & Birkenhead: MVLV and Minisub upgrade	Franskraal,Kleinbaai & Birkenhead: MVLV and Minisub upgrade			Yes	Infrastructure - Electricity	Transmission & Reticulation	19.349477-34.607311			4 900	2 600			Ward 01	New
Gansbaai: Minisub and MVLV upgrade	Gansbaai: Minisub and MVLV upgrade			Yes	Infrastructure - Electricity	Transmission & Reticulation	19.351879-34.585351			1 000	2 700	4 000		Ward 02	New
Blompark: Low Voltage upgrade	Blompark: Low Voltage upgrade			Yes	Infrastructure - Electricity	Transmission & Reticulation	19.348154-34.594590			1 400	1 000			Ward 02	New
Stanford: MV upgrade	Stanford: MV upgrade			Yes	Infrastructure - Electricity	Transmission & Reticulation	19.459117-34.436799			600	1 200			Ward 11	New
Electrification of low cost housing areas (INEP)	Electrification of low cost housing areas (INEP)			Yes	Infrastructure - Electricity	Transmission & Reticulation	34°25'38.87"S 19°13'09.52"E			2 000	2 000	2 000		Ward 03	New
Hermanus: LV Upgrade/Replacement	Hermanus: LV Upgrade/Replacement			Yes	Infrastructure - Electricity	Transmission & Reticulation	34°25'03.44"S 19°12'47.88"E			2 100	6 000	4 000		Ward 03	New
Kleinmond: MV & LV network upgrade	Kleinmond: MV & LV network upgrade			Yes	Infrastructure - Electricity	Transmission & Reticulation	34°20'33.67"S 19°01'19.94"E			2 500	2 000	3 000		Ward 09	New
Sandbaai: MV and LV Upgrade/Replacement	Sandbaai: MV and LV Upgrade/Replacement			Yes	Infrastructure - Electricity	Transmission & Reticulation	34°25'09.85"S 19°11'53.80"E			500				Ward 07	New
Hermanus: Main Str to Royal 2nd supply feeder	Hermanus: Main Str to Royal 2nd supply feeder			Yes	Infrastructure - Electricity	Transmission & Reticulation	34°25'08.54"S 19°14'16.34"E			1 500				Ward 03	New
Hawston: LV Upgrade/Replacement	Hawston: LV Upgrade/Replacement			Yes	Infrastructure - Electricity	Transmission & Reticulation	34°23'27.10"S 19°08'10.12"E			1 000	1 000	2 000		Ward 08	New
Hawston: See View feeder upgrade	Hawston: See View feeder upgrade			Yes	Infrastructure - Electricity	Transmission & Reticulation	34°23'25.03"S 19°08'13.19"E			300				Ward 08	New
Sandbaai-Mount Pleasant overhead line replacement	Sandbaai-Mount Pleasant overhead line replacement			Yes	Infrastructure - Electricity	Transmission & Reticulation	34°25'52.21"S 19°12'41.66"E			300				Ward 04	New
Zwavelie to Beach overhead line replacement	Zwavelie to Beach overhead line replacement			Yes	Infrastructure - Electricity	Transmission & Reticulation	34°25'57.80"S 19°12'50.73"E			400				Ward 05	New
Meer en See underground cable replacement	Meer en See underground cable replacement			Yes	Infrastructure - Electricity	Transmission & Reticulation	34°21'58.22"S 19°08'31.59"E			600				Ward 08	New
Mount Pleasant Bundle replacement	Mount Pleasant Bundle replacement			Yes	Infrastructure - Electricity	Transmission & Reticulation	34°25'03.44"S 19°12'47.88"E			1 400				Ward 04	New
1300 - WATER								50 766	23 832						
Replacement of Overstrand water pipes	Replacement of Overstrand water pipes			Yes	Infrastructure - Water	Reticulation	Overstrand wide			13 800	12 500	11 000		Overstrand	New
Upgrading of "Die Oog" pump station building	Upgrading of "Die Oog" pump station building			Yes	Infrastructure - Water	Reticulation	19.27.221154 -34.27.111652			500				Ward 11	New
New Bulk Water Reservoir -Sandbaai	New Bulk Water Reservoir -Sandbaai			Yes	Infrastructure - Water	Dams & Reservoirs	S34°25.210"/E19°12.03"					5 500		Ward 07	New
Upgrading of Franskraal-Kleinbaai -Gansbaai Pipelines	Upgrading of Franskraal-Kleinbaai -Gansbaai Pipelines			Yes	Infrastructure - Water	Reticulation	S34°36.417" / E19°23.650"				7 000	2 500		Ward 01	New
Upgrading of Gateway, Camphill and Volmoed Well Fields	Upgrading of Gateway, Camphill and Volmoed Well Fields			Yes	Infrastructure - Water	Reticulation	S34°24.512" / E19°12.474"					2 000		Ward 03	New
Refurbish Buffels River Dam Bridge and Tower & Palmiet River Weir	Refurbish Buffels River Dam Bridge and Tower & Palmiet River Weir			Yes	Infrastructure - Water	Dams & Reservoirs	S34°19.96" / E18°50.26"					2 000		Ward 09	New
New 1 Mil's Reservoir OHW B31	New 1 Mil's Reservoir OHW B31			Yes	Infrastructure - Water	Dams & Reservoirs	19°12'43"E 34°24'46"S					2 800		Ward 04	New
200 mm Ø Bulk watermain OHW8.1	200 mm Ø Bulk watermain OHW8.1			Yes	Infrastructure - Water	Reticulation	19°12'41"E 34°21'50"S					1 000		Ward 04	New
250 mm Ø Bulk watermain OHW.B14	250 mm Ø Bulk watermain OHW.B14			Yes	Infrastructure - Water	Reticulation	19°12'24"E 34°24'35"S					520		Ward 04	New
160 mm Ø Link watermain OHW8.3	160 mm Ø Link watermain OHW8.3			Yes	Infrastructure - Water	Reticulation	19°12'56"E 34°25'07"S					284		Ward 04	New
160 mm Ø link watermain OHW9.9	160 mm Ø link watermain OHW9.9			Yes	Infrastructure - Water	Reticulation	19°12'40"E 34°25'47"S					490		Ward 05	New
160 mm Ø link watermain OHW9.10	160 mm Ø link watermain OHW9.10			Yes	Infrastructure - Water	Reticulation	19°12'39"E 34°25'49"S					-	200	Ward 12	New
Hawston: Bulk water	Hawston: Bulk water			Yes	Infrastructure - Water	Reticulation	19°08'29"E 34°23'24"S						2 000	Ward 08	New
Hawston: Bulk water upgrade for housing project	Hawston: Bulk water upgrade for housing project			Yes	Infrastructure - Water	Reticulation	19°08'30"E 34°23'23"S						1 000	Ward 08	New
New 500 mm -Water pipe line	New 500 mm -Water pipe line			Yes	Infrastructure - Water	Reticulation	19°08'28"E 34°23'24"S						1 788	Ward 08	New

## Detailed capital budget per municipal vote (continued)

Municipal Vote/Capital project R thousand	Program/Project description	Project number	IDP Goal code 2	Individually Approved (Yes/No)	Asset Class 3	Asset Sub-Class 3	GPS co-ordinates 5	Total Project Estimate	Prior year outcomes		2014/15 Medium Term Revenue & Expenditure Framework			Project information		
									Audited Outcome 2012/13	Current Year 2013/14 Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	Ward location	New or renewal	
1400 - SEWERAGE																
Upgrading of pumpstations	Upgrading of pumpstations			Yes	Infrastructure - Sanitation	Other	19°12'51"E 34°25'56"S		14 621	12 153			2 000	Overstrand	New	
Stanford - Sewer network extension	Stanford - Sewer network extension			Yes	Infrastructure - Sanitation	Other	S34°43'39.75" / E19°45'5.90"				2 000	2 000	-	Ward 11	New	
Kleinmond - Sewer network extension	Kleinmond - Sewer network extension			Yes	Infrastructure - Sanitation	Other	S34°20'44" / E19°1'19"				2 000	2 000	Ward 09	New		
Gansbaai - CBD Sewer network extension	Gansbaai - CBD Sewer network extension			Yes	Infrastructure - Sanitation	Other	S34°35.377" / E19°21.087"				3 000	3 000	Ward 09	New		
Hermanus - Fennkloof Sewer Network Extension	Hermanus - Fennkloof Sewer Network Extension			Yes	Infrastructure - Sanitation	Other	S34°24.800" / E19°17.279"				-	Ward 03	New			
Bulk Rising Main to WWTW Replace	Bulk Rising Main to WWTW Replace			Yes	Infrastructure - Sanitation	Other	S34°20'44" / E19°1'19"				-	Ward 09	New			
Upgrading of Kidbrooke Pipeline	Upgrading of Kidbrooke Pipeline			Yes	Infrastructure - Sanitation	Other	S34°24.810" / E19°10.001				2 900		Ward 13	New		
WWTW Upgrade - Stanford	WWTW Upgrade - Stanford			Yes	Infrastructure - Sanitation	Sewage purification	S34°26.518" / E19°26.929"						1 000	Ward 11	New	
Eluxolweri - New bulk sewerage for housing project	Eluxolweri - New bulk sewerage for housing project			Yes	Infrastructure - Sanitation		19°29'31"E34°39'02"S				7 600	784	-	Ward 11	New	
Upgrade existing sewerage pumpstation OHS19.2	Upgrade existing sewerage pumpstation OHS19.2			Yes	Infrastructure - Sanitation		19°12'33"E34°25'46"S					750	-	Ward 05	New	
Bulk Sewerage rising main 355 mm Ø OHS19.1	Bulk Sewerage rising main 355 mm Ø OHS19.1			Yes	Infrastructure - Sanitation	Other	19°12'36"E34°25'36"S					1 620	-	Ward 05	New	
Bulk Sewerage main 200 mm Ø OHS13.3	Bulk Sewerage main 200 mm Ø OHS13.3			Yes	Infrastructure - Sanitation	Other	19°12'40"E34°25'52"S					1 000	-	Ward 12	New	
Bulk Sewerage Outfall Line 525 mm Ø OHS13.2	Bulk Sewerage Outfall Line 525 mm Ø OHS13.2			Yes	Infrastructure - Sanitation	Other	19°12'45"E34°25'26"S					-	1 500	600	Ward 12	New
1400 - STORMWATER									6 107	200						
Provision of stormwater system	Provision of stormwater system			Yes	Other	Storm water	19°21'28"E34°35'27"S					1 000		Ward 01	New	
Upgrade Stromwater - Internal & External	Upgrade Stromwater - Internal & External			Yes	Other	Storm water	19°12'48"E34°25'32"S				800	1 000	1 000	Ward 05	New	
Implementation of Storm Water Master Plan - (2)	Implementation of Storm Water Master Plan - (2)			Yes	Other	Storm water	19°12'35"S34°25'22"S							Ward 05	New	
1500- WASTE MANAGEMENT											5 528	3 041				
Karwyderskraal : New Waste Cell	Karwyderskraal : New Waste Cell			Yes	Other	Waste Management	S34 20'08.6" ; E19 09'43.6"					10 200		Overstrand	New	
300 - VEHICLES	300 - VEHICLES			Yes	Other	Other	Overstrand wide		3 868	4 695	10 525	1 000	4 000	Overstrand	New	
300 - MINOR ASSETS	300 - MINOR ASSETS			Yes	Other	Furniture and other office equipment	Overstrand wide		2 013	2 633	1 025	675	830	Overstrand	New	
Minor Assets: Library Grant	Minor Assets: Library Grant			Yes	Other	Furniture and other office equipment	Overstrand wide					150		Overstrand	New	

**Table 60 MBRR SA37 - Projects delayed from previous financial year**

Municipal Vote/Capital project R thousand	Project name	Project number	Asset Class 3	Asset Sub-Class 3	GPS co-ordinates 4	Previous target year to complete Year	Current Year 2013/14		2014/15 Medium Term Revenue & Expenditure Framework		
							Original Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Parent municipality:</b> <i>List all capital projects grouped by Municipal Vote</i>											
300 - INFORMATION & COMMUNICATION TECHNOLOGY	TWO WAY RADIO NETWORK TO A DIGITAL NETWORK		Examples Other	Examples Computers - hardware/equipment		2011-2012					
300 - PROPERTY SERVICES	SANTA / RED CROSS PARKING		Infrastructure - Other	Other		2011-2012					
400 - COMMUNITY BUILDINGS	EXTENSION OF COMMUNITY HALL		Community	Community halls		2011-2012					
500 - SPORT & RECREATION	BOARDWALK - KLEINBAAI SLIPWAY		Community	Other		2011-2012					
SPORTSGROUND - MOUNT PLEASANT	SPORTSGROUND - MOUNT PLEASANT		Other	Sportsfields & stadia		2011-2012					
HAWSTON SPORTSGROUND - UPGRADE	SPORTSGROUND - UPGRADE NETBALL COURTS		Other	Sportsfields & stadia		2011-2012					
SPORTSGROUND - ZWELIHLIE	SPORTSGROUND - ZWELIHLIE		Other	Sportsfields & stadia		2011-2012					
HAWSTON SPORTSGROUND - UPGRADE	ON SPORTSGROUND - UPGRADE RUGBY FIELD		Other	Sportsfields & stadia		2011-2012					
900 - LOCAL ECONOMIC DEVELOPMENT	LOCAL ECONOMIC DEVELOPMENT PROJECTS		Other	Other		2011-2012					
1000 - ROADS	TARRING OF STREETS		Infrastructure - Road transport	Roads, Pavements & Bridges		2011-2012					
TARRING OF STREETS	TARRING OF STREETS		Infrastructure - Road transport	Roads, Pavements & Bridges		2011-2012					
KERB CHANNELLING & PAVEMENTS	KB CHANNELLING & PAVEMENTS (VOELKLIJF)		Infrastructure - Road transport	Roads, Pavements & Bridges		2011-2012					
SIDEWALKS - REVITALISATION OF CBD	SIDEWALKS - REVITALISATION OF CBD		Infrastructure - Road transport	Roads, Pavements & Bridges		2011-2012					
WESTDENE TARRING	WESTDENE TARRING		Infrastructure - Road transport	Roads, Pavements & Bridges		2011-2012					
SIDEWALKS	SIDEWALKS		Infrastructure - Road transport	Roads, Pavements & Bridges		2011-2012					
SIDEWALK - TAMBO SQUARE	SIDEWALK - TAMBO SQUARE		Infrastructure - Road transport	Roads, Pavements & Bridges		2011-2012					
WALDORF RAISED CROSSING	WALDORF RAISED CROSSING		Infrastructure - Road transport	Roads, Pavements & Bridges		2011-2012					
SANDBAAI TARRING	SANDBAAI TARRING		Infrastructure - Road transport	Roads, Pavements & Bridges		2011-2012					
TARRING/STORM WATER - MOUNTAIN VIEW AVENUE	TARRING/STORM WATER - MOUNTAIN VIEW AVENUE		Infrastructure - Road transport	Roads, Pavements & Bridges		2011-2012					
TARRING SIDEWALKS - KERK STREET	TARRING SIDEWALKS - KERK STREET		Infrastructure - Road transport	Roads, Pavements & Bridges		2011-2012					
SIDEWALKS	SIDEWALKS		Infrastructure - Road transport	Roads, Pavements & Bridges		2011-2012					
TARRING OF ROADS - PROBLEMATIC	DADS - PROBLEMATIC STORM WATER DAMAGE A		Infrastructure - Road transport	Roads, Pavements & Bridges		2011-2012					
WALKWAY EXTENSION - HANGKLIP RD	WALKWAY EXTENSION - HANGKLIP RD TOWARDS R44		Infrastructure - Road transport	Roads, Pavements & Bridges		2011-2012					
ATLANTIC AVENUE GABIONS	ATLANTIC AVENUE GABIONS		Infrastructure - Road transport	Roads, Pavements & Bridges		2011-2012					
EXTENSION OF PAVED PARKING - COMMUNITY HALL	EXTENSION OF PAVED PARKING - COMMUNITY HALL		Infrastructure - Road transport	Roads, Pavements & Bridges		2011-2012					
PAVEMENT & REPLACEMENT STORM W	PAVEMENT & REPLACEMENT STORM W		Infrastructure - Road transport	Roads, Pavements & Bridges		2011-2012					
TARRING OF ROADS - BOUNDARY ROAD	TARRING OF ROADS - BOUNDARY ROAD		Infrastructure - Road transport	Roads, Pavements & Bridges		2011-2012					
UPGRADING/REPLACEMENT OF PEDE	UPGRADING/REPLACEMENT OF PEDE		Infrastructure - Road transport	Roads, Pavements & Bridges		2011-2012					
1200 - ELECTRICITY	SWARTDAM RD. ELECTRIFICATION - HAM RD. ELECTRIFICATION -HOUSING PROJECT		Infrastructure - Electricity	Transmission & Reticulation		2011-2012					
1400 - STORM WATER	IMPLEMENTATION OF STORM WATER		Other	Storm water		2011-2012					
BETTY'S BAY-SWATER/OTTER CLOSE	BETTY'S BAY-SWATER/OTTER CLOSE		Other	Storm water		2011-2012					
STORM WATER AT HIGH SCHOOL	STORM WATER AT HIGH SCHOOL		Other	Storm water		2011-2012					
EASTCLIFF - MOSELLE RIVER 57, STOR	EASTCLIFF - MOSELLE RIVER 57, STOR		Other	Storm water		2011-2012					
STORM WATER - ZWELIHLIE	STORM WATER - ZWELIHLIE		Other	Storm water		2011-2012					
STORM WATER - LONG STREET	STORM WATER - LONG STREET		Other	Storm water		2011-2012					
DUKE ROAD 17A - STORM WATER	DUKE ROAD 17A - STORM WATER		Other	Storm water		2011-2012					
1500- WASTE MANAGEMENT	HERMANUS MRF CONCRETE SLAB		Other	Waste Management		2011-2012					
HERMANUS TRANSFER STATION STAFF	HERMANUS TRANSFER STATION STAFF FACILITIE		Other	Waste Management		2011-2012					
BETTY'S BAY DROP OFF OFFICE	BETTY'S BAY DROP OFF OFFICE		Other	Waste Management		2011-2012					

## **2.13 Legislation compliance status**

Compliance with the MFMA implementation requirements have been adhered to through the following activities:

1. In year reporting  
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the Municipality's website.
2. Internship programme  
The Municipality is participating in the Municipal Financial Management Internship programme and has employed two interns undergoing training in ICT Department
3. Budget and Treasury Office  
The Budget and Treasury Office has been established in accordance with the MFMA.
4. Audit Committee  
An Audit Committee has been established and is fully functional.
5. Service Delivery and Implementation Plan  
The draft SDBIP document will be tabled in council on 20 March 2014 and is aligned and informed by the 2014/15 MTREF.
6. Annual Report  
Annual report is compiled in terms of the MFMA and National Treasury requirements.
7. MFMA Training  
The MFMA training has been completed by 90 officials with another group of 30 officials in progress.
8. Policies  
All budget related policies have been reviewed and amendments will serve before council on 28 May 2014.

## 2.14 Other supporting documents

**Table 61 MBRR Table SA1 - Supporting detail to budgeted financial performance**

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>									
<b>REVENUE ITEMS:</b>									
<b>Property rates</b>									
Total Property Rates	130 606	138 437	148 599	160 431	160 431	160 431	184 330	195 857	205 600
less Revenue Foregone	1 868	29 525	32 278	33 509	33 509	33 509	35 690	37 832	40 102
Net Property Rates	128 737	108 913	116 321	126 921	126 921	126 921	148 640	158 025	165 498
<b>Service charges - electricity revenue</b>									
Total Service charges - electricity revenue	183 552	224 950	247 521	295 786	295 786	295 786	323 104	347 205	365 053
less Revenue Foregone				10 850	10 850	10 850	13 018	14 060	15 184
Net Service charges - electricity revenue	183 552	224 950	247 521	284 936	284 936	284 936	310 085	333 146	349 869
<b>Service charges - water revenue</b>									
Total Service charges - water revenue	74 099	83 755	85 498	102 465	96 965	96 965	101 149	105 510	111 404
less Revenue Foregone				3 823	3 823	3 823	5 252	5 567	5 901
Net Service charges - water revenue	74 099	83 755	85 498	98 642	93 142	93 142	95 897	99 943	105 503
<b>Service charges - sanitation revenue</b>									
Total Service charges - sanitation revenue	50 381	57 212	57 223	61 010	62 921	62 921	63 554	67 102	70 870
less Revenue Foregone				93	93	93	99	105	111
Net Service charges - sanitation revenue	50 381	57 212	57 223	60 917	62 827	62 827	63 455	66 997	70 759
<b>Service charges - refuse revenue</b>									
Total refuse removal revenue	36 945	39 498	46 788	52 974	53 421	53 421	56 549	59 944	63 544
Total landfill revenue					—	—			
less Revenue Foregone				40	487	487	419	444	470
Net Service charges - refuse revenue	36 945	39 498	46 788	52 934	52 934	52 934	56 130	59 500	63 074
<b>Other Revenue by source</b>									
Building plan fees	2 800	3 252	2 880	2 800	2 950	2 950	3 300	3 630	3 993
Collection charges	1 705	2 071	2 542	2 500	2 550	2 550	2 805	3 086	3 390
Developers contributions	3 250	1 719	2 615	1 730	2 000	2 000	1 995	2 075	2 160
Central improvement district	3 601	3 663	3 918	4 362	4 234	4 234	4 869	5 112	5 368
Sundry income	2 819	599	2 522	481	480	480	669	711	757
Townplanning fees	709	756	793	680	680	680	803	883	972
Admission fees	598	661	707	650	700	700	770	847	932
Valuation and clearance certificates	389	335	388	535	535	535	504	553	607
Fair value adjustments	22 426	—	49 649						
Roadworthy certificates	457	453	463	500	525	525	578	635	699
SETA claims	464	1 046	1 058	800	800	800	848	899	899
Reconnection fees/ Other Income	279	2 819	3 926	4 926	6 061	6 061	4 477	4 425	4 629
Total 'Other' Revenue	39 497	17 375	71 461	19 963	21 516	21 516	21 617	22 855	24 404
<b>EXPENDITURE ITEMS:</b>									
<b>Employee related costs</b>									
Basic Salaries and Wages	121 116	131 998	151 906	153 802	165 331	165 331	185 637	201 306	215 161
Pension and UIF Contributions	21 976	25 219	26 372	28 009	27 758	27 758	29 294	31 148	33 222
Medical Aid Contributions	7 007	7 521	8 176	11 396	11 355	11 355	11 191	12 384	13 197
Overtime	10 506	12 030	12 423	11 483	11 146	11 146	13 897	14 870	15 911
Performance Bonus	—			12 011	—	—			
Motor Vehicle Allowance	7 877	8 299	9 178	11 152	10 870	10 870	11 481	11 711	11 981
Cellphone Allowance				1 513	1 513	1 513	1 638	1 699	1 792
Housing Allowances	968	1 025	1 046	951	951	951	1 006	972	972
Other benefits and allowances	8 442	9 693	11 182	9 183	9 118	9 118	11 118	11 633	12 427
Payments in lieu of leave	2 056	1 327	2 138	900	2 246	2 246	2 350	2 491	2 640
Long service awards	535	759	690	813	831	831	1 206	1 217	1 613
Post-retirement benefit obligations	6 850	10 068	8 415	9 630	11 335	11 335	11 875	12 588	13 343
sub-total	187 333	207 938	231 527	250 842	252 454	252 454	280 694	302 019	322 259
Less: Employees costs capitalised to PPE									
Total Employee related costs	187 333	207 938	231 527	250 842	252 454	252 454	280 694	302 019	322 259

## Supporting detail to budgeted financial performance (Continued)

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand									
<b>Contributions recognised - capital</b>									
Public contribution - non cash - assets	7 368	4 471	4 387						
DWA ACIP project	–	1 302	–				1 000		
Government contribution - non cash - assets	–	–	180						
KM CSIR	12 776	395	–						
Spaces for sport	127	156	200						
Eskom Solar Rebate/ Stony Point Eco Centre etc	1 290	2 280	522	3 583	1 083	1 083			
<b>Total Contributions recognised - capital</b>	<b>21 561</b>	<b>8 603</b>	<b>5 289</b>	<b>3 583</b>	<b>1 083</b>	<b>1 083</b>	<b>1 000</b>	<b>–</b>	<b>–</b>
<b>Depreciation &amp; asset impairment</b>									
Depreciation of Property, Plant & Equipment	103 347	100 930	96 076	103 810	102 070	102 070	109 265	111 199	112 750
Lease amortisation	3 431	3 111	9 204						
Capital asset impairment									
Depreciation resulting from revaluation of PPE									
<b>Total Depreciation &amp; asset impairment</b>	<b>106 777</b>	<b>104 041</b>	<b>105 280</b>	<b>103 810</b>	<b>102 070</b>	<b>102 070</b>	<b>109 265</b>	<b>111 199</b>	<b>112 750</b>
<b>Bulk purchases</b>									
Electricity Bulk Purchases	101 683	126 669	145 022	156 893	156 893	156 893	169 444	183 000	197 640
Water Bulk Purchases									
<b>Total bulk purchases</b>	<b>101 683</b>	<b>126 669</b>	<b>145 022</b>	<b>156 893</b>	<b>156 893</b>	<b>156 893</b>	<b>169 444</b>	<b>183 000</b>	<b>197 640</b>
<b>Transfers and grants</b>									
Cash transfers and grants	23 620	28 454	35 856	38 766	39 217	39 217	41 370	44 065	46 708
Non-cash transfers and grants	–	–	–	–	–	–	–	–	–
<b>Total transfers and grants</b>	<b>23 620</b>	<b>28 454</b>	<b>35 856</b>	<b>38 766</b>	<b>39 217</b>	<b>39 217</b>	<b>41 370</b>	<b>44 065</b>	<b>46 708</b>
<b>Contracted services</b>									
Specialist services	8 259								
Other contractors	11 994								
Ward projects	5 247	5 679	5 625	1 832	1 832	1 832	1 311	5 200	5 200
Vehicle maintenance	4 732	4 918	5 902	5 914	5 914	5 914	6 198	7 456	8 350
Maintenance contractors	41	45 384	52 248	52 954	52 954	52 954	55 483	63 625	66 462
Contracted services	14 059	11 620	11 134	16 144	16 144	16 144	17 447	18 967	20 825
<b>sub-total</b>	<b>20 253</b>	<b>24 079</b>	<b>67 601</b>	<b>74 909</b>	<b>76 844</b>	<b>76 844</b>	<b>80 439</b>	<b>95 248</b>	<b>100 837</b>
<b>Allocations to organs of state:</b>									
Electricity									
Water									
Sanitation									
Other									
<b>Total contracted services</b>	<b>20 253</b>	<b>24 079</b>	<b>67 601</b>	<b>74 909</b>	<b>76 844</b>	<b>76 844</b>	<b>80 439</b>	<b>95 248</b>	<b>100 837</b>
<b>Other Expenditure By Type</b>									
Collection costs									
Contributions to 'other' provisions	14 947	3 601	3 246	3 403	3 409	3 409	3 010	3 191	3 382
Consultant fees	–	10 766	9 367	13 789	12 856	12 856	12 858	13 196	13 572
Audit fees	2 732	2 501	2 869	3 400	4 050	4 050	3 604	3 821	4 050
General expenses	40 266	22 505	16 374	19 520	21 492	21 492	20 763	27 801	24 553
Conditional receipts expenses	4 029	54 612	4 133	22 979	24 346	24 346	4 424	13 465	24 307
Property valuation charges	901	2 418	1 030	900	900	900	1 100	1 120	1 230
Water catchment, research and testing/Mun Ser	1 822	5 648	5 295	4 640	4 519	4 519	4 260	4 515	4 779
Fuel and oil	6 887	9 042	9 903	11 249	11 237	11 237	12 506	14 170	15 871
Chemicals	6 659	6 411	8 488	8 690	10 072	10 072	9 664	10 637	11 284
Legal fees	606	2 766	1 649	2 000	1 940	1 940	1 400	1 590	1 685
Telephone and fax	4 789	3 912	2 934	3 171	3 171	3 171	3 342	3 523	3 713
Tourism development	3 081	2 824	2 732	1 513	2 815	2 815	2 618	2 775	2 941
Security services	3 417	3 435	3 759	4 056	4 814	4 814	4 325	4 620	4 902
Solid waste dumping fees	3 392	1 375	–	–	–	–			
Solid waste haulage	2 255	4 345	6 318	6 609	7 090	7 090	8 217	9 403	10 669
Hermanus public protection	3 152	3 603	3 921	4 362	4 373	4 373	5 029	5 331	5 651
Training	2 397	2 748	2 363	2 400	1 950	1 950	2 300	2 877	3 050
Electricity	2 146	2 575	3 248	3 746	4 246	4 246	4 672	4 710	5 143
Commission paid	2 956	3 416	4 014	3 954	1 030	1 030	1 250	1 405	1 582
Advertising	1 153	1 366	1 511	1 713	1 926	1 926	1 623	1 765	1 876
Management of informal settlements	1 462	1 475	1 513	2 264	1 563	1 563	1 869	1 981	2 100
Insurance	1 725	1 651	2 145	3 000	2 569	2 569	3 050	3 360	3 528
Printing and stationery	1 775	1 868	1 875	2 212	2 186	2 186	2 309	2 457	2 599
Solid waste chipping	1 946	2 369	2 151	1 260	2 128	2 128	2 809	3 234	3 696
Special projects	1 786	1 059	1 270	3 088	1 209	1 209	868	1 342	1 408
<b>Total 'Other' Expenditure</b>	<b>116 278</b>	<b>158 290</b>	<b>102 107</b>	<b>133 917</b>	<b>135 889</b>	<b>135 889</b>	<b>117 869</b>	<b>142 288</b>	<b>157 571</b>
<b>Repairs and Maintenance</b>									
Employee related costs	13 978	15 563	27 460	37 260	35 728	35 728	40 369	43 349	46 548
Other materials	4 600	5 188	9 153	45 751	12 854	12 854	12 890	14 918	15 382
Contracted Services	11 065	12 320	21 740	76 766	29 992	29 992	30 077	34 808	35 891
Other Expenditure	28 596	31 774	56 061	3 582	76 221	76 221	78 761	94 241	98 513
<b>Total Repairs and Maintenance Expenditure</b>	<b>58 239</b>	<b>64 845</b>	<b>114 414</b>	<b>163 360</b>	<b>154 795</b>	<b>154 795</b>	<b>162 097</b>	<b>187 315</b>	<b>196 335</b>

**Table 62 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)**

Description	Vote 1 - Council	Vote 2 - Municipal Manager	Vote 3 - Management Services	Vote 4 - Finance	Vote 5 - Community Services	Vote 6 - Local Economic Development	Vote 7 - Infrastructure & Planning	Vote 8 - Protection Services	Total
<b>R thousand</b>									
<b>Revenue By Source</b>									
Property rates				148 640					148 640
Property rates - penalties & collection charges				1 050					1 050
Service charges - electricity revenue					95 897				310 085
Service charges - water revenue					63 455				95 897
Service charges - sanitation revenue					56 130				63 455
Service charges - refuse revenue						7 941			56 130
Service charges - other							25		–
Rental of facilities and equipment				6 166					7 966
Interest earned - external investments				2 288					6 166
Interest earned - outstanding debtors									2 288
Dividends received									–
Fines					75				7 965
Licences and permits					440				2 229
Agency services					5				2 475
Other revenue	384		911	10 067	3 357	1 200	4 669	1 030	21 617
Transfers recognised - operational	52 955			1 450	5 801	1 768			61 974
Gains on disposal of PPE									–
<b>Total Revenue (excluding capital transfers and</b>	<b>53 339</b>	<b>–</b>	<b>911</b>	<b>169 661</b>	<b>233 100</b>	<b>2 968</b>	<b>314 779</b>	<b>13 184</b>	<b>787 941</b>
<b>Expenditure By Type</b>									
Employee related costs	14 225	3 784	19 144	35 383	117 703	5 260	56 115	29 081	280 694
Remuneration of councillors	8 516								8 516
Debt impairment									–
Depreciation & asset impairment	22	19	1 790	280	47 753	128	58 344	929	109 265
Finance charges				126	26 767		17 641		44 535
Bulk purchases							169 444		169 444
Other materials		3	641	35	7 534	28	8 740	313	17 295
Contracted services		39	6 013	6 939	33 800	44	27 312	6 292	80 439
Transfers and grants	41 370								41 370
Other expenditure	6 830	579	14 043	21 572	44 620	5 496	16 733	7 996	117 869
Loss on disposal of PPE									–
<b>Total Expenditure</b>	<b>70 962</b>	<b>4 424</b>	<b>41 631</b>	<b>64 335</b>	<b>278 178</b>	<b>10 956</b>	<b>354 330</b>	<b>44 611</b>	<b>869 426</b>
<b>Surplus/(Deficit)</b>									
Transfers recognised - capital	(17 623)	(4 424)	(40 721)	105 326	(45 078)	(7 988)	(39 551)	(31 428)	(81 486)
Contributions recognised - capital					30 983		2 000		32 983
Contributed assets							1 000		1 000
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(17 623)</b>	<b>(4 424)</b>	<b>(40 721)</b>	<b>105 326</b>	<b>(14 095)</b>	<b>(7 988)</b>	<b>(36 551)</b>	<b>(31 428)</b>	<b>(47 503)</b>

**Table 63 MBRR Table SA3 – Supporting detail to Statement of Financial Position**

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>									
<b>ASSETS</b>									
Call investment deposits									
Call deposits < 90 days	50 000	75 000	55 042	–					
Other current investments > 90 days									
Total Call investment deposits	50 000	75 000	55 042	–	–	–	–	–	–
Consumer debtors									
Consumer debtors	64 654	68 475	65 996	67 826	67 826	67 826	69 091	69 446	69 328
Less: Provision for debt impairment	(20 232)	(18 114)	(16 916)	(17 000)	(17 000)	(17 000)	(16 500)	(16 000)	(15 500)
Total Consumer debtors	44 422	50 361	49 080	50 826	50 826	50 826	52 591	53 446	53 828
Debt impairment provision									
Balance at the beginning of the year	23 549	20 232	18 114	22 000	22 000	22 000	17 000	16 500	16 000
Contributions to the provision	4 806	(190)	594	–	–	–			
Bad debts written off	(8 123)	(1 928)	(1 792)	(5 000)	(5 000)	(5 000)	(500)	(500)	(500)
Balance at end of year	20 232	18 114	16 916	17 000	17 000	17 000	16 500	16 000	15 500
Property, plant and equipment (PPE)									
PPE at cost/valuation (excl. finance leases)	5 580 459	5 709 629	5 832 165	5 963 038	5 966 768	5 966 768	6 058 891	6 145 053	6 226 271
Leases recognised as PPE	–	1 208	1 379	1 208	1 208	1 208	1 208	1 208	1 208
Less: Accumulated depreciation	2 556 098	2 637 823	2 727 895	2 883 771	2 882 031	2 882 031	2 990 924	3 101 751	3 214 128
Total Property, plant and equipment (PPE)	3 024 361	3 073 014	3 105 649	3 080 474	3 085 945	3 085 945	3 069 175	3 044 510	3 013 351
<b>LIABILITIES</b>									
Current liabilities - Borrowing									
Short term loans (other than bank overdraft)	–	374	485	197	197	197	1 176	1 323	1 505
Current portion of long-term liabilities	14 218	16 424	17 756	20 426	20 426	20 426	23 929	27 220	30 023
Total Current liabilities - Borrowing	14 218	16 798	18 241	20 623	20 623	20 623	25 105	28 542	31 528
Trade and other payables									
Trade and other creditors	80 873	63 172	66 860	64 237	62 036	62 036	55 831	64 870	55 956
Unspent conditional transfers	9 955	4 555	7 783	–	–	–	–	–	–
VAT									
Total Trade and other payables	90 828	67 728	74 643	64 237	62 036	62 036	55 831	64 870	55 956
Non current liabilities - Borrowing									
Borrowing	247 081	340 581	364 394	391 789	391 789	391 789	407 225	425 005	439 982
Finance leases (including PPP asset element)		623	260	–	–	–	4 541	3 219	1 713
Total Non current liabilities - Borrowing	247 081	341 204	364 654	391 789	391 789	391 789	411 766	428 224	441 696
Provisions - non-current									
Retirement benefits	61 660	71 562	79 887	89 131	89 131	89 131	92 875	97 704	102 785
List other major provision items									
Refuse landfill site rehabilitation	29 342	32 057	31 933	38 086	38 086	38 086	36 617	38 521	40 525
Other	6 413	7 478	7 498	8 108	8 108	8 108	8 008	8 322	8 650
Total Provisions - non-current	97 414	111 097	119 319	135 325	135 325	135 325	137 501	144 548	151 960
<b>CHANGES IN NET ASSETS</b>									
Accumulated Surplus/(Deficit)									
Accumulated Surplus/(Deficit) - opening balance	2 537 046	2 564 679	2 490 973	2 435 180	2 884 213	2 884 213	2 857 322	2 809 819	2 750 865
GRAP adjustments	17 898	364 261	356 359	–					
Restated balance	2 554 944	2 928 940	2 847 332	2 435 180	2 884 213	2 884 213	2 857 322	2 809 819	2 750 865
Surplus/(Deficit)	9 735	(81 607)	7 189	(37 947)	(43 407)	(43 407)	(47 503)	(58 954)	(72 203)
Appropriations to Reserves									
Transfers from Reserves									
Depreciation offsets									
Other adjustments									
Accumulated Surplus/(Deficit) Reserves	2 564 679	2 847 332	2 855 854	2 397 233	2 857 322	2 857 322	2 809 819	2 750 865	2 678 662
Housing Development Fund	1 913	1 920	1 891	1 927	1 927	1 927	1 934	1 941	1 960
Capital replacement									
Self-insurance									
Other reserves									
Revaluation	315 176	–	–	315 176	–	–			
Total Reserves	317 089	1 920	1 891	317 103	1 927	1 927	1 934	1 941	1 960
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>2 881 767</b>	<b>2 849 252</b>	<b>2 857 746</b>	<b>2 714 336</b>	<b>2 859 249</b>	<b>2 859 249</b>	<b>2 811 753</b>	<b>2 752 806</b>	<b>2 680 622</b>

**Table 64 MBRR Table SA9 – Social, economic and demographic statistics and assumptions**

Description of economic indicator	Basis of calculation	2001 Census	2007 Survey	2011 Census	2010/11	2011/12	2012/13	Current Year 2013/14	2014/15 Medium Term Revenue & Expenditure Framework		
					Outcome	Outcome	Outcome		Original Budget	Outcome	Outcome
<b>Demographics</b>											
Population		55	75	84	95	80		88			
Females aged 5 - 14		3	6	5	6	5		6			
Males aged 5 - 14		3	6	5	6	5		6			
Females aged 15 - 34		6	12	14	9	13		14			
Males aged 15 - 34		6	11	14	9	14		15			
Unemployment		5	8	5		4		5			
<b>Monthly household income (no. of households)</b>											
No income				3 758	9 837		7 113		10 759		
R1 - R1 600				3 844	4 545		4 334		4 657		
R1 601 - R3 200				1 317	3 085		2 048		3 427		
R3 201 - R6 400				669	1 600		1 406		1 679		
R6 401 - R12 800				746	2 826		1 133		3 395		
R12 801 - R25 600				192	10 211		748		15 218		
R25 601 - R51 200				253	7 606		266		12 350		
R52 201 - R102 400				30	338		77		438		
R102 401 - R204 800					124		25		163		
R204 801 - R409 600					36		19		42		
R409 601 - R819 200											
> R819 200											
<b>Poverty profiles (no. of households)</b>											
< R2 060 per household per month	# households earning			7 602	14 382		11447.00		15416.00		
Insert description											
<b>Household/demographics (000)</b>											
Number of people in municipal area	Stats SA			74 546	84 253		80 432		88 285		
Number of poor people in municipal area				21 953	21 063		20 108		22 071		
Number of households in municipal area											
Number of poor households in municipal area											
Definition of poor household (R per month)											
<b>Housing statistics</b>											
Formal								31 739			
Informal							3 421	3 406			
Total number of households						3 682					
Dwellings provided by municipality						3 682	3 421	35 145			
Dwellings provided by province/s						410			183		
Dwellings provided by private sector						30	393				
Total new housing dwellings						440	393	-	183	-	-

**Table 65 MBRR SA11 – Property rates summary**

WC032 Overstrand - Supporting Table SA11 Property rates summary

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Valuation:</b>	1									
Date of valuation:	2	02/07/2007 2008/2009	02/07/2007 2008/2009	02/07/2011 2012/2013	02/07/2011	02/07/2011	02/07/2011	2012/2013		
Financial year valuation used										
Municipal by-laws s6 in place? (Y/N)	2	Yes	Yes							
Municipal/assistant valuer appointed? (Y/N)		Yes	Yes							
Municipal partnership s38 used? (Y/N)		No	No							
No. of assistant valuers (FTE)	3	2	2	2	2	2	2	2	2	2
No. of data collectors (FTE)	3	6	6	6	6	6	6	12	12	6
No. of internal valuers (FTE)	3	–	–	–	–	–	–	–	–	–
No. of external valuers (FTE)	3	4	4	4	3	3	3	3	3	3
No. of additional valuers (FTE)	4	–	–	–	–	–	–	1	1	–
Valuation appeal board established? (Y/N)		Yes	Yes							
Implementation time of new valuation roll (mths)		36		36	24			12		
No. of properties	5	40 839	40 907	40 801	41 025	41 025	41 025	41 230	41 436	41 643
No. of sectional title values	5	2 396	2 396	2 383	2 623	2 623	2 623	2 636	2 649	2 663
No. of unreasonably difficult properties s7(2)		–	–	–	–	–	–	–	–	–
No. of supplementary valuations		3	1	2	3	3	3	2	2	2
No. of valuation roll amendments		4	2	3	3	3	3	2	2	2
No. of objections by rate payers		40	24	830	103	103	103	100	1 200	100
No. of appeals by rate payers		2	1	53	5	5	5	10	120	10
No. of successful objections	8	2	5		24	24	24	20	200	20
No. of successful objections > 10%	8	2	–	137	14	14	14	10	100	10
Supplementary valuation		4 069	3 323	4 998	4 233	7 548	7 548	4 487	4 756	5 042
Public service infrastructure value (Rm)	5	38	38	40	40	40	40	43	45	48
Municipality owned property value (Rm)		701	701	694	694	694	694	736	780	827
<b>Valuation reductions:</b>										
Valuation reductions-public infrastructure (Rm)		41	41	40	40	40	40	43	45	48
Valuation reductions-nature reserves/park (Rm)		–	–	–	–	–	–	–	–	–
Valuation reductions-mineral rights (Rm)		–	–	–	–	–	–	–	–	–
Valuation reductions-R15,000 threshold (Rm)		535	458	453	453	453	453	480	509	540
Valuation reductions-public worship (Rm)		211	211	209	209	209	209	222	235	249
Valuation reductions-other (Rm)		2 329	2 067	2 046	2 046	2 046	2 046	2 169	2 299	2 437
Total valuation reductions:		3 116	2 776	2 749	2 749	2 749	2 749	2 913	3 088	3 274
Total value used for rating (Rm)	5	39 151	39 491	39 152	39 152	39 152	39 152	41 501	43 991	46 630
Total land value (Rm)	5	22 148	22 148	21 360	21 360	21 360	21 360	22 642	24 000	25 440
Total value of improvements (Rm)	5	20 119	20 119	20 540	20 540	20 540	20 540	21 772	23 079	24 463
Total market value (Rm)	5	42 267	42 267	41 900	41 900	41 900	41 900	44 414	47 079	49 904
<b>Rating:</b>										
Residential rate used to determine rate for other categories? (Y/N)										
Differential rates used? (Y/N)	5									
Limit on annual rate increase (s20)? (Y/N)										
Special rating area used? (Y/N)										
Phasing-in properties s21 (number)										
Rates policy accompanying budget? (Y/N)										
Fixed amount minimum value (R'000)										
Non-residential prescribed ratio s19? (%)										
<b>Rate revenue:</b>										
Rate revenue budget (R '000)	6	105 492	112 600	120 278	126 818	126 818	126 818	148 520	158 025	165 259
Rate revenue expected to collect (R'000)	6	105 492	112 600	120 278	126 818	126 818	126 818	148 520	158 025	165 259
Expected cash collection rate (%)		86.8%	87.6%	99.9%	99.0%	99.0%	99.0%	100.0%	100.0%	100.0%
Special rating areas (R'000)	7	–	–	–	–	–	–	–	–	–
Rebates, exemptions - indigent (R'000)		–	–	–	–	–	–	–	–	–
Rebates, exemptions - pensioners (R'000)		142	205	319	331	331	331	245	260	275
Rebates, exemptions - bona fide farm. (R'000)		1 182	634	1 653	1 712	1 712	1 712	1 267	1 343	1 424
Rebates, exemptions - other (R'000)		2 974	2 190	3 708	3 839	3 839	3 839	2 843	3 013	3 194
Total rebates,exemptions,reductns,discs (R'000)		4	3	5 680	5 882	5 882	5 882	4 355	4 616	4 893

**Table 66 MBRR SA12a – Property rates by category (current year)**

Description	Resi.	Indust.	Bus. & Comm.	Farm props.	State-owned	Muni props.	Public service infra.	Private owned towns	Formal & Informal Settle.	Comm. Land	State trust land	Section 8(2)(n) (note 1)	Protect. Areas	National Monum/ts	Public benefit organs.	Mining Props.
<b>Current Year 2013/14</b>																
<b>Valuation:</b>																
No. of properties	36 750	-	1 591	315	186	1 656	204	-	-	-	-	-	114	-	125	-
No. of sectional title property values	2 243	-	379	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of unreasonably difficult properties s7(2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of supplementary valuations	total of 2 up to date	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Supplementary valuation (Rm)	Total: 4233315100	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of valuation roll amendments	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
No. of objections by rate-payers	87	-	1	-	-	-	15	-	-	-	-	-	-	-	-	-
No. of appeals by rate-payers	3	-	-	-	-	-	2	-	-	-	-	-	-	-	-	-
No. of appeals by rate-payers finalised	3	-	-	-	-	-	2	-	-	-	-	-	-	-	-	-
No. of successful objections	15	-	1	-	-	-	11	-	-	-	-	-	-	-	-	-
No. of successful objections > 10%	2	-	1	-	-	-	11	-	-	-	-	-	-	-	-	-
Estimated no. of properties not valued	100 total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Years since last valuation (select)	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
Frequency of valuation (select)	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4
Method of valuation used (select)	Market	Market	Market	Market	Market	Market	Market	Market	Market	Market	Market	Market	Market	Market	Market	Market
Base of valuation (select)	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.
Phasing-in properties s21 (number)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Combination of rating types used? (Y/N)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Flat rate used? (Y/N)	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
Is balance rated by uniform rate/variable rate?	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable
<b>Valuation reductions:</b>																
Valuation reductions-public infrastructure (Rm)	-	-	-	-	-	-	-	40	-	-	-	-	-	-	-	-
Valuation reductions-nature reserves/park (Rm)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Valuation reductions-mineral rights (Rm)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Valuation reductions-R15,000 threshold (Rm)	453	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Valuation reductions-public worship (Rm)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	209
Valuation reductions-other (Rm)	2 046	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total valuation reductions:</b>																
Total value used for rating (Rm)	34 324	-	3 631	871	316	-	-	-	-	-	-	-	9	-	-	-
Total land value (Rm)	18 291	-	1 550	534	152	527	27	-	-	-	-	-	197	-	82	-
Total value of improvements (Rm)	17 565	-	2 081	337	172	168	13	-	-	-	-	-	72	-	132	-
Total market value (Rm)	35 856	-	3 631	871	325	694	40	-	-	-	-	-	269	-	214	-
<b>Rating:</b>																
Average rate	0.003600		0.005450	0.000900	0.005450				0.003600	0.005450						
Rate revenue budget (R '000)	91 896		18 416	221	16 285											
Rate revenue expected to collect (R'000)	91 896		18 416	221	16 285											
Expected cash collection rate (%)	100.0%		100.0%	100.0%	100.0%											
Special rating areas (R'000)																
Rebates, exemptions - indigent (R'000)	331															
Rebates, exemptions - pensioners (R'000)																
Rebates, exemptions - bona fide farm. (R'000)																
Rebates, exemptions - other (R'000)																
Phase-in reductions/discounts (R'000)																
Total rebates, exemptions, reductions, discounts (R'000)																

**Table 67 MBRR SA12b – Property rates by category (budget year)**

Description	Resi.	Indust.	Bus. & Comm.	Farm props.	State-owned	Muni props.	Public service infra.	Private owned towns	Formal & Informal Settle.	Comm. Land	State trust land	Section 8(2)(n) (note 1)	Protect. Areas	National Monum/ts	Public benefit organs.	Mining Props.
<b>Budget Year 2014/15</b>																
<b>Valuation:</b>																
No. of properties																
No. of sectional title property values	36 750	-	1 591	315	186	1 656	204	-	-	-	-	-	114	-	125	-
No. of unreasonably difficult properties s7(2)	2 243	-	379	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of supplementary valuations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Supplementary valuation (Rm)	2 total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of valuation roll amendments	Total R4656646610															
No. of objections by rate-payers	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
No. of appeals by rate-payers	150 total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of appeals by rate-payers finalised	20 total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of successful objections	20 total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of successful objections > 10%	40 total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Estimated no. of properties not valued	10 total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Years since last valuation (select)	100 total	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Frequency of valuation (select)	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3
Method of valuation used (select)	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4
Base of valuation (select)	Market	Market	Market	Market	Market	Market	Market	Market	Market	Market	Market	Market	Market	Market	Market	Market
Phasing-in properties s21 (number)	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	
Combination of rating types used? (Y/N)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Flat rate used? (Y/N)	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
Is balance rated by uniform rate/variable rate?	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable
<b>Valuation reductions:</b>																
Valuation reductions-public infrastructure (Rm)	-	-	-	-	-	-	-	43	-	-	-	-	-	-	-	-
Valuation reductions-nature reserves/park (Rm)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Valuation reductions-mineral rights (Rm)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Valuation reductions-R15,000 threshold (Rm)	480	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Valuation reductions-public worship (Rm)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	222	-
Valuation reductions-other (Rm)	2 169	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total valuation reductions:																
Total value used for rating (Rm)	36 383	-	3 849	923	335	-	-	-	-	-	-	-	10	-	-	-
Total land value (Rm)	19 388	-	1 643	566	161	558	29	-	-	-	-	-	209	-	87	-
Total value of improvements (Rm)	18 619	-	2 206	357	183	178	14	-	-	-	-	-	76	-	140	-
Total market value (Rm)	38 007	-	3 849	923	344	736	43	-	-	-	-	-	285	-	227	-
<b>Rating:</b>																
Average rate	0.004140		0.006270	0.001035	0.006270				0.004140	0.006270				0.004140		
Rate revenue budget (R'000)	107 622		21 567	0	19 072				-						-	
Rate revenue expected to collect (R'000)	107 622		21 567	0	19 072											
Expected cash collection rate (%)	100.0%		100.0%	100.0%	100.0%											
Special rating areas (R'000)	-		-	-	-				-	-						
Rebates, exemptions - indigent (R'000)	-		-	-	-				-	-						
Rebates, exemptions - pensioners (R'000)	245		-	-	-				-	-						
Rebates, exemptions - bona fide farm. (R'000)				1 267												
Rebates, exemptions - other (R'000)				2 843												
Phase-in reductions/discounts (R'000)																
Total rebates,exempts,reductns,discs (R'000)																

**Table 68 MBRR SA13a – Service tariffs by category**

Description	Provide description of tariff structure where appropriate	2010/11	2011/12	2012/13	Current Year 2013/14	2014/15 Medium Term Revenue & Expenditure Framework		
						Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Property rates (rate in the Rand)</b>								
Residential properties		89 567 294	94 852 280	100 066 700	91 896 000	107 622 000	174 223 000	119 752 000
Residential properties - v vacant land								
Formal/informal settlements								
Small holdings								
Farm properties - used		131 338	186 487	287 327	221 000	259 000	419 000	288 000
Farm properties - not used								
Industrial properties								
Business and commercial properties		15 792 982	17 562 116	19 923 518	18 416 000	21 567 000	34 914 000	23 998 000
Communal land - residential								
Communal land - small holdings								
Communal land - farm property								
Communal land - business and commercial								
Communal land - other								
State-owned properties					16 285 000.0000	19 072 000.0000	30 874 000.0000	21 221 000.0000
Municipal properties								
Public service infrastructure								
Privately owned towns serviced by the owner								
State trust land								
Rstitution and redistribution properties								
Protected areas								
National monuments properties								
<b>Exemptions, reductions and rebates (Rands)</b>								
<i>Residential properties</i>								
R15 000 threshold rebate		15 000	15 000	15 000	15 000	15 000	15 000	15 000
General residential rebate		15 000	15 000	15 000	15 000	15 000	15 000	15 000
Indigent rebate or exemption		35 000	35 000	100 000	100 000	100 000	100 000	100 000
Pensioners/social grants rebate or exemption		50 000	50 000	100 000	100 000	100 000	100 000	100 000
Temporary relief rebate or exemption		20-40%	30-100%	30-100%	30-100%	30-100%	30-100%	30-100%
Bona fide farmers rebate or exemption								
<i>Other rebates or exemptions</i>		90%	85%	75%	75%	75%	75%	75%
<b>Water tariffs</b>								
<i>Domestic</i>								
Basic charge/fixed fee (Rands/month)		81	88	93	96	102	111	118
Service point - v vacant land (Rands/month)		81	88	93	96	102	111	118
Water usage - flat rate tariff (c/kl)								
Water usage - life line tariff	Consumption - Households				307	325	345	365
Water usage - Block 1 (c/kl)	0 - 6 kl per kl	-	-	-	811	1 005	1 065	1 129
Water usage - Block 2 (c/kl)	7 - 20kl per kl	648	702	746	1 316	1 631	1 729	1 833
Water usage - Block 3 (c/kl)	21 - 30 kl per kl	648	702	1 200	2 026	2 512	2 663	2 822
Water usage - Block 4 (c/kl)	31 - 60 kl per kl	1 620	1 755	1 860	2 632	3 263	3 459	3 666
<i>Other</i>	> 60 kl	2 160	2 369	2 518	3 509	4 351	4 612	4 889
<b>Waste water tariffs</b>								
<i>Domestic</i>								
Basic charge/fixed fee (Rands/month)		70	76	81	86	91	96	102
Service point - v vacant land (Rands/month)		149	161	123	130	109	116	122
Waste water - flat rate tariff (c/kl)		750	811	877	965	1 026	1 088	1 153
Volumetric charge - Block 1 (c/kl)	Basic charge - pumps	47	51	54	58	61	65	69
Volumetric charge - Block 2 (c/kl)	Service per pump	325	351	373	396	419	444	471
Volumetric charge - Block 3 (c/kl)	(fill in structure)							
Volumetric charge - Block 4 (c/kl)	(fill in structure)							
<i>Other</i>								
<b>Electricity tariffs</b>								
<i>Domestic</i>								
Basic charge/fixed fee (Rands/month)		142	152	158	193	204	216	229
Service point - v vacant land (Rands/month)		142	152	158	193	204	216	229
FBE	Qualify for indigent (describe structure)							
Life-line tariff - meter								
Life-line tariff - prepaid	<30 Amp	1 066	720	795	795	886	939	996
Flat rate tariff - meter (c/kwh)								
Flat rate tariff - prepaid(c/kwh)	Credit meter							
Meter - IBT Block 1 (c/kwh)	0 - 350 kWh	694	720	861	886	959	1 017	1 078
Meter - IBT Block 2 (c/kwh)	351 - 600 kWh	694	980	1 133	1 201	1 300	1 378	1 461
Meter - IBT Block 3 (c/kwh)	> 600 kWh	694	1 140	1 328	1 448	1 567	1 661	1 761
Meter - IBT Block 4 (c/kwh)	(fill in thresholds)							
Meter - IBT Block 5 (c/kwh)	Prepaid meter							
Prepaid - IBT Block 1 (c/kwh)	0 - 350 kWh	694	720	795	819	886	939	996
Prepaid - IBT Block 2 (c/kwh)	351 - 600 kWh	694	980	1 068	1 132	1 225	1 299	1 376
Prepaid - IBT Block 3 (c/kwh)	> 600 kWh	694	1 140	1 277	1 392	1 506	1 596	1 692
Prepaid - IBT Block 4 (c/kwh)	(fill in thresholds)							
Prepaid - IBT Block 5 (c/kwh)	(fill in thresholds)							
<i>Other</i>								
<b>Waste management tariffs</b>								
<i>Domestic</i>								
Street cleaning charge								
Basic charge/fixed fee		77	83	113	123	130	138	146
80l bin - once a week								
250l bin - once a week		272	284	113	123	130	138	146

**Table 69 MBRR SA13b – Service tariffs by category (explanatory)**

Description	Provide description of tariff structure where appropriate	2010/11	2011/12	2012/13	Current Year 2013/14	2014/15 Medium Term Revenue & Expenditure Framework		
						Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<u>Exemptions, reductions and rebates (Rands)</u> <i>[Insert lines as applicable]</i>	RESIDENTIAL BUSINESS & FARM PROPERTIES	0.00310 0.00440 0.00310	0.00326 0.00476 0.00326	0.00360 0.00545 0.00090	0.00360 0.00545 0.00090	0.00414 0.00626 0.00103	0.00438 0.00664 0.00109	0.00465 0.00700 0.00116
<u>Water tariffs</u> <i>[Insert blocks as applicable]</i>	Basic charge/fixed fee Service point - vacant land 0 - 6 kl 7 - 18 kl 19 - 30 kl 31 - 45 kl 46 - 60 kl > 60 kl (fill in thresholds) (fill in thresholds)				96 96 307 746 1 200 1 316 1 860 2 160 2 369	102 102 325 811 1 005 1 631 2 512 3 509 2 518	108 108 345 1 065 1 729 2 663 3 459 4 351 4 612	115 115 365 1 129 1 833 2 822 3 666 4 889
<u>Waste water tariffs</u> <i>[Insert blocks as applicable]</i>	Basic charge per month Basic charge - vacant land Flat rate per kl Basic charge - pumps Service per pump (fill in structure) (fill in structure) (fill in structure) (fill in structure)	70 149 750 47 325	76 161 811 51 351	80 122 877 54 372	86 130 965 58 396	91 109 1 026 61 419	97 116 1 088 65 445	102 122 1 153 69 471
<u>Electricity tariffs</u> <i>[Insert blocks as applicable]</i>	Basic charge - monthly Basic charge - vacant land Flat rate - Lifeline Credit meter 0 - 350 kWh 351 - 600 kWh > 600 kWh Prepaid meter 0 - 350 kWh 351 - 600 kWh > 600 kWh (fill in thresholds) (fill in thresholds)	142 142 1 066 694 694 694 694 694 694 694 694 694	152 152 720 720 980 1 140 720 980 1 140 795 1 133 1 328 795 1 068 1 140 795 1 068 1 140 1 277	158 158 795 861 1 133 1 328 861 1 190 1 435 795 1 190 1 435 795 1 121 1 379 886 1 225 1 379 939 1 299 1 506 939 1 376 1 661 996 1 461 1 761 996 1 376 1 692	193 193 795 861 1 190 1 435 959 1 300 1 567 886 1 225 1 379 886 1 121 1 379 886 1 225 1 379 939 1 299 1 506 939 1 376 1 661 996	204 204 886 959 1 300 1 567 1 017 1 378 1 661 939 1 225 1 379 886 1 121 1 379 886 1 225 1 379 939 1 299 1 506 939 1 376 1 661 996	216 216 939 1 017 1 378 1 661 1 078 1 461 1 761 939 1 299 1 596 216 216 996 1 078 1 461 1 761 996 1 376 1 661 996	229 229 996 1 078 1 461 1 761 229 229 996 1 078 1 461 1 761 229 229 996 1 078 1 461 1 761 229 229 996

**Table 70 MBRR SA32 – List of external mechanisms**

External mechanism Name of organisation	Yrs/ Mths	Period of agreement 1.	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2.
		Number			R thousand
Outsourcing of sub function solid waste : Overstrand	Mths	107	Outsourcing of sub function solid waste	30 October 2022	126 345
Outsourcing of sub function solid waste : Overstrand	Mths	96	Outsourcing of sub function solid waste	01 May 2017	18 651

Note: Overstrand make use of contractual agreements to support the implementation of core function, but the definition of outsourcing do not apply to the other contracts entered into, due to ownership that is kept within the organisation

**Table 71 MBRR SA33 – Contracts having future budgetary implications**

Description R thousand	Preceding Years	Current Year 2013/14	2014/15 Medium Term Revenue & Expenditure Framework			Forecast 2017/18 Estimate	Forecast 2018/19 Estimate	Forecast 2019/20 Estimate	Forecast 2020/21 Estimate	Forecast 2021/22 Estimate	Forecast 2022/23 Estimate	Forecast 2023/24 Estimate	Total Contract Value
			Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17								
	Total	Original Budget											
Parent Municipality:													
<u>Revenue Obligation By Contract</u>													
<i>Contract 1: SC1127/2011 Leasing for the operation of illuminated street signs in the Overstrand Municipal area. Term of contract 01/07/ 2012 until 31/05/2022</i>			185	194	204	214	224	236	247	260	273	263	2 298
Total Operating Revenue Implication	-	185	194	204	214	224	236	247	260	273	263	-	2 298
<u>Expenditure Obligation By Contract</u>													
<i>Contract 1: SC867B/2010 Operation of the mechanised material recovery facility at the Hermanus solid waste transfer station. Term of contract 01/12/2013 until 30/10/ 2022</i>			730	1 130	1 216	1 309	1 409	1 519	1 639	1 770	1 912		12 634
<i>Contract 2: SC878/2010 Operation of the Gansbaai landfill and public drop offs in greater Gansbaai and Stanford. Term of contract 01/05/2010 until 01/05/2017</i>			3 555	3 388	2 949	3 323	3 697	1 738					18 650
Total Operating Expenditure Implication	-	4 285	4 518	4 165	4 631	5 107	3 258	1 639	1 770	1 912	-	-	31 284
<u>Capital Expenditure Obligation By Contract</u>													
Total Capital Expenditure Implication	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Parent Expenditure Implication	-	4 285	4 518	4 165	4 631	5 107	3 258	1 639	1 770	1 912	-	-	31 284

## **2.15 Municipal manager's quality certificate**

I, ..... municipal manager of Overstrand Municipality, hereby certify that the draft annual budget for 2014/2015 and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name \_\_\_\_\_

Municipal manager of Overstrand Municipality (WC032)

Signature \_\_\_\_\_

Date \_\_\_\_\_